

6937. Also, petition headed by M. L. Ogden, of Fairmount, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

6938. Also, petition headed by J. Bertelli, of Westville, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

6939. Also, petition headed by August Neese, of Greenup, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

6940. Also, petition headed by A. Shortsleeve, of Kankakee, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

6941. Also, petition headed by M. Jones, of Paris, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

6942. Also, petition headed by Wilbur Mohler, of Kankakee, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

6943. Also, petition headed by L. Quinn, of Danville, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

6944. Also, petition headed by Robert Wood, of Rossville, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

6945. Also, petition headed by Thomas German, of Stockland, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

6946. Also, petition headed by Andrew Kepner, of Kankakee, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

6947. Also, petition headed by Elias Chambers, of Paris, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

6948. Also, petition headed by J. R. Parks, of Watseka, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

6949. Also, petition headed by E. D. Romine, of Manilla, Ark., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

6950. Also, petition headed by G. Gibson, of Kevil, Ky., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

6951. Also, petition headed by A. T. Ayers, of Lexington, Tenn., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

6952. Also, petition headed by G. F. Moore, of Crockett, Tex., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

6953. Also, petition headed by William Soard, of Harrogate, Tenn., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

6954. Also, petition headed by J. G. Leonard, of Cullman, Ark., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

6955. Also, petition headed by L. C. Stone, of Cromona, Ky., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

6956. By Mr. SCHUETZ: Petition of the House of Representatives of the State of Illinois; to the Committee on Banking and Currency.

6957. By Mr. TINKHAM: Resolutions memorializing Congress in favor of the passage of national unemployment-insurance legislation; to the Committee on Ways and Means.

6958. By Mr. WIGGLESWORTH: Petition of the General Court of Massachusetts, urging the passage of national unemployment-insurance legislation; to the Committee on Ways and Means.

6959. By Mr. WOLCOTT: Petition of Albert Klaus, of Port Huron, Mich., and nine others, favoring the enactment of the Townsend plan of old-age revolving pensions; to the Committee on Ways and Means.

6960. Also, petition of Ronald W. Sanford, Port Huron, Mich., and 46 others, favoring the enactment of the Townsend plan of old-age revolving pensions; to the Committee on Ways and Means.

6961. Also, petition of Jacob Barker, of McGregor, Mich., and 51 others, favoring the enactment of the Townsend plan of old-age revolving pensions; to the Committee on Ways and Means.

6962. Also, petition of Angus Kennedy and 54 supporters of Farmers' Union Local No. 60, St. Clair, Mich., urging the prompt enactment of the Frazier-Lemke refinancing bill; to the Committee on Agriculture.

6963. Also, petition of Kenneth Wolven, of Port Huron, Mich., and 74 other qualified voters of the Seventh Congressional District of Michigan, favoring legislation for the Townsend plan of old-age revolving pensions; to the Committee on Ways and Means.

6964. Also, petition of Frank Cline, of Port Huron, Mich., and 76 other qualified voters of the Seventh Congressional District of Michigan, favoring legislation for the Townsend plan of old-age revolving pensions; to the Committee on Ways and Means.

6965. Also, petition of Mr. and Mrs. F. Mathews, of Yale, Mich., and 12 others, favoring legislation for the Townsend plan of old-age revolving pensions; to the Committee on Ways and Means.

6966. Also, petition of Alex Burns, of Port Huron, Mich., and 90 others, urging the enactment of the Townsend plan of old-age pensions; to the Committee on Ways and Means.

6967. By Mr. CULKIN: Petition of 26 residents of Minneapolis, Minn., urging the adoption of the Townsend plan as modified; to the Committee on Interstate and Foreign Commerce.

6968. By Mr. MAPES: Petition of John Ball and other citizens of Kent County, Mich., residing at Cedar Springs, Grand Rapids, Rockford, and Edgerton, Mich., recommending the passage of the Frazier-Lemke refinancing bill; to the Committee on Agriculture.

SENATE

FRIDAY, APRIL 12, 1935

(Legislative day of Thursday, Apr. 11, 1935)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Thursday, April 11, 1935, was dispensed with and the Journal was approved.

CALL OF THE ROLL

Mr. ROBINSON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Keyes	Robinson
Ashurst	Costigan	King	Russell
Austin	Couzens	La Follette	Schall
Bachman	Cutting	Lewis	Schwellenbach
Bankhead	Dickinson	Logan	Sheppard
Barbour	Dieterich	Loneragan	Smith
Barkley	Donahay	McCarran	Steinwer
Bilbo	Duffy	McGill	Thomas, Okla.
Black	Fletcher	McNary	Thomas, Utah
Bone	Frazier	Metcalf	Townsend
Borah	George	Minton	Trammell
Brown	Gerry	Moore	Truman
Bulkley	Gibson	Murphy	Tydings
Bulow	Glass	Murray	Vandenberg
Burke	Gore	Neely	Van Nuys
Byrd	Guffey	Norris	Wagner
Byrnes	Hale	Nye	Walsh
Capper	Harrison	O'Mahoney	Wheeler
Carey	Hastings	Pittman	White
Clark	Hatch	Pope	
Connally	Hayden	Radcliffe	
Coolidge	Johnson	Reynolds	

Mr. BACHMAN. I wish to announce that my colleague the senior Senator from Tennessee [Mr. McKellar] is necessarily absent.

Mr. LEWIS. I announce that the Senator from Arkansas [Mrs. CARAWAY], the Senator from Connecticut [Mr. MALONEY], and the junior Senator from Louisiana [Mr. OVERTON] are absent because of illness, and that the Senator from North Carolina [Mr. BAILEY], the senior Senator from Louisiana [Mr. LONG], and the Senator from California [Mr. McAdoo] are necessarily detained from the Senate.

Mr. AUSTIN. I announce that the Senator from Pennsylvania [Mr. DAVIS] is absent because of illness, and that the Senator from South Dakota [Mr. NORBECK] is necessarily detained from the Senate. I will let this announcement stand for the day.

The VICE PRESIDENT. Eighty-five Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a concurrent resolution of the Legislature of the State of New York, favoring consideration of the claims of that State in carrying out any Federal program involving the purchase of marginal and submarginal farm land for reforestation, watershed protection, public shooting and fishing, erosion control, public parks, or other conservation purposes, which was referred to the Committee on Agriculture and Forestry.

(See concurrent resolution printed in full when presented by Mr. COPELAND on the 11th instant, p. 5408, CONGRESSIONAL RECORD.)

The VICE PRESIDENT also laid before the Senate resolutions adopted by Branch Y-I, International Workers' Order, of the Bronx, New York City, N. Y., protesting against the enactment of proposed alien and sedition legislation, which was referred to the Committee on Immigration.

He also laid before the Senate a telegram from the secretary of the San Juan (P. R.) Rotary Club, stating that that club "endorses Senate bill 1842, re life appointment district judge Puerto Rico, with amendment that appointee be a resident of Puerto Rico 1 year before appointment", which was referred to the Committee on the Judiciary.

He also laid before the Senate a petition of several citizens of Versailles and vicinity (Ky.) praying for an investigation of charges filed by the Women's Committee of Louisiana relative to the qualifications of the Senators from Louisiana [Mr. LONG and Mr. OVERTON], which was referred to the Committee on Privileges and Elections.

He also laid before the Senate a resolution adopted by the Common Council of the City of Attleboro, Mass., favoring the enactment of legislation proclaiming October 11 in each year as General Pulaski's Memorial Day, which was ordered to lie on the table.

Mr. WAGNER presented a resolution adopted by Little York Grange, No. 442, of Little York, N. Y., favoring the enactment of the so-called "motor-carrier bill", which was referred to the Committee on Interstate Commerce.

Mr. LONERGAN (for Mr. MALONEY) presented a resolution adopted by the Board of Alderman of the City of Derby, Conn., favoring the enactment of legislation proclaiming October 11 in each year as General Pulaski's Memorial Day, which was ordered to lie on the table.

He also (for Mr. MALONEY) presented memorials, numerous signed, from members of the Telephone Employees Association of Connecticut and of the Southern New England Telephone Co., remonstrating against inclusion of the words "or contribute financial or other support to it", appearing in section 8, paragraph 2, page 8, lines 20 and 21 of Senate bill 1958, known as the "Wagner labor-disputes bill", which were referred to the Committee on Education and Labor.

Mr. COPELAND presented a resolution adopted by the Utica (N. Y.) Chamber of Commerce, favoring the repeal of the cotton processing tax, which was referred to the Committee on Agriculture and Forestry.

He also presented a resolution adopted by the Allied Building Trades Council of Buffalo and vicinity (N. Y.), favoring the enactment of legislation creating an independent semi-judicial Federal agency with power to enforce the labor laws, etc., which was referred to the Committee on Education and Labor.

He also presented resolutions adopted by the Association of Licensed Plumbers of Eastern Queens, Inc., New York, favoring the abolishment of the National Industrial Recovery Act, which were referred to the Committee on Finance.

He also presented a resolution adopted by Crown Heights Branch, I. L. D., of Greater New York, N. Y., protesting against the enactment of alien and sedition legislation, which was referred to the Committee on Immigration.

Mr. WALSH presented a letter from W. P. Davis, general manager, etc., on behalf of the Northeastern Dairy Conference, embodying a resolution adopted by the executive committee of that conference at a meeting held in New York City, endorsing proposed amendments to the Agricultural Adjustment Act as contained in House bill 7088, and favoring the inclusion of another amendment giving the Secretary of Agriculture authority to enter into joint marketing agreements and/or licenses with State control boards or other authorized State agencies, which was referred to the Committee on Agriculture and Forestry.

He also presented a letter in the nature of a petition from the Springfield (Mass.) Chamber of Commerce and also petitions of sundry citizens, being workers in the textile industry, of Adams and Fall River, Mass., praying for the abolition of processing taxes, which were referred to the Committee on Agriculture and Forestry.

He also presented the petition of the City Council of Gardner, Mass., praying for the enactment of legislation providing for the immediate payment of adjusted-service certificates of World War veterans, which was referred to the Committee on Finance.

He also presented memorials of sundry members of the staff of Clark University, of Worcester, Mass., and sundry citizens of West Medford, all in the State of Massachusetts, remonstrating against the enactment of the so-called "Patman or Vinson bonus bills", or similar legislation, which were referred to the Committee on Finance.

He also presented a letter in the nature of a petition from Local Union No. 1711, United Textile Workers of America, of Adams, Mass., praying for extension of the National Industrial Recovery Act, which was referred to the Committee on Finance.

He also presented a letter in the nature of a petition from Mabel L. Shumway Auxiliary, No. 34, A. U. S. W. V., of Worcester, Mass., praying for the enactment of House bill 5541, known as the "American flag bill", which was referred to the Committee on the Judiciary.

He also presented resolutions of Local Union No. 29, of the United Hatters, Cap, and Millinery Workers International Union, of Fall River, and Local No. 11, of the Amalgamated Silver Workers Union, of Taunton, in the State of Massachusetts, favoring the enactment of the so-called "Wagner labor-disputes bill" and the "Black 30-hour work week bill", which were ordered to lie on the table.

He also presented a letter in the nature of a memorial from H. H. Brown Shoe Co., by Ray W. Hefferman, its president, of Worcester, Mass., remonstrating against the enact-

ment of Senate bill 87, known as the "Black 30-hour work week bill", which was ordered to lie on the table.

Mr. BARBOUR presented the following resolution adopted by the House of Assembly of the State of New Jersey, which was referred to the Committee on Finance:

THE ONE HUNDRED AND FIFTY-NINTH LEGISLATURE
OF THE STATE OF NEW JERSEY,
Assembly Chamber, Statehouse, Trenton, N. J.

Resolution by Mr. Pascoe, of Union County (introduced and adopted Apr. 1, 1935)

Whereas the people of New Jersey pay into the Federal Treasury in taxes over \$96,000,000 annually, and in allocating the same only about \$52,000,000 is returned to the State of New Jersey, including appropriations for emergency relief; and

Whereas we learn from the CONGRESSIONAL RECORD of February 22, 1935, that in making appropriations for emergency relief to the various States there are several States which receive a vastly greater percentage of their relief requirements from the Federal Government than does our State of New Jersey; and

Whereas such a plan is manifestly unfair and inequitable to the people of New Jersey as compared with the citizens of other States; and

Whereas there are some one hundred and twenty-five municipalities in our State which have defaulted in whole or in part on their municipal obligations or are using scrip to pay their expenses, and the imposition of additional taxes to raise money for emergency relief will further aggravate this financial situation: Therefore be it

Resolved, That this House of Assembly for the State of New Jersey does hereby request our United States Senators and Congressmen to support the request of Governor Hoffman and that they do present the above facts to the Federal Director of Emergency Relief and ask for a more equitable distribution of Federal taxes paid by the people of New Jersey, particularly emergency relief funds; we ask this in the interest of the overburdened taxpayers of our State; and be it still further

Resolved, That a copy of this resolution be forwarded forthwith to the United States Senators and each Congressman from New Jersey and to the Governor of New Jersey.

LESTER H. CLEE,
Speaker of the House of Assembly.

Attest:

FREDERICK A. BRODESSER,
Clerk of the House of Assembly.

I hereby certify that the above is a true and correct copy of a resolution adopted by the house of assembly April 1, 1935.

FREDERICK A. BRODESSER,
Clerk of the House of Assembly.

Mr. NORRIS presented the following resolution of the Senate of the State of Nebraska, which was referred to the Committee on Military Affairs:

Resolution memorializing the President of the United States, the Secretary of War, the Chief of the General Staff, the Chief of the Air Corps, our Senators and Congressmen in Washington to consider some appropriate location in the State of Nebraska as the site for an interior Army air base contemplated under House bill 4130

(Introduced by Senators Frank J. Brady, Archie C. O'Brien, R. C. Van Kirk, and Ivan H. Mattson)

Whereas section 72-211, Compiled Statutes Supplement, 1933, makes available public lands in the State of Nebraska for radio monitor stations and other public purposes; and

Whereas the central location of the State of Nebraska geographically justifies substantial consideration for the establishment of an Army air base as contemplated under House bill 4130, now pending before the National Congress, by virtue of its absolute centralization on the present transcontinental air route; and

Whereas meteorological conditions throughout the entire year justify a preference for Nebraska in connection with all season flying as contrasted with other territories and localities; and

Whereas the experience of present air mail operators across Nebraska, where pioneer organization of all air mail in the United States was founded, it being on this specific route through Nebraska where first night air mail was flown; and

Whereas statistics show that these air-mail operators fly an annual completed schedule for each year of operation an average of 97 percent for each completed schedule; and

Whereas the maximum altitude above sea level in Nebraska will not exceed the figure that would preclude sea-level performance of any aircraft; and

Whereas the general terrain along the present transcontinental air route across the entire extent of Nebraska naturally follows the Platte River Valley, which greatly enhances aircraft operation; and

Whereas the State of Nebraska affords along this transcontinental air route a grazing section which can be obtained by purchase for military air-base uses at a minimum figure; and

Whereas the seasonal variations for temperature in Nebraska are of sufficient extreme to acclimate the personnel to any flying conditions; and

Whereas the State of Nebraska has splendid railroad facilities from the Gulf oil fields for the expeditious supply of aircraft fuel and lubricants: Now, therefore, be it

Resolved by the Senate of the State of Nebraska in fiftieth regular session assembled:

1. That this senate deems it of immediate importance that the attention of the Federal Government be directed to the peculiar availability of the State of Nebraska for the establishment of a military air base pursuant to the provisions of House bill 4130, now pending in the Congress of the United States.

2. That the Lieutenant Governor be directed forthwith to forward a copy of this resolution properly authenticated and suitably engrossed to Franklin D. Roosevelt, President of the United States; to George H. Dern, Secretary of War; to Gen. Douglas MacArthur, Chief of the General Staff of the Army; to Maj. Gen. B. D. Foulis, Chief of the Air Corps; and to each Senator and Congressman representing the State of Nebraska in the Congress of the United States; to the end that the peculiar availability of the State of Nebraska for consideration as a military air base be called to the attention of those Federal officials to whom will be committed the selection of the same.

Mr. NORRIS also presented the following resolution of the House of Representatives of the State of Nebraska, which was referred to the Committee on Military Affairs:

Resolution memorializing the President of the United States, the Secretary of War, the Chief of the General Staff, the Chief of the Air Corps, our Senators and Congressmen in Washington to consider some appropriate location in the State of Nebraska as the site for an interior Army air base contemplated under H. R. 4130

Whereas section 72-211, Compiled Statutes Supplement, 1933, makes available public lands in the State of Nebraska for radio monitor stations and other public purposes; and

Whereas the central location of the State of Nebraska geographically justifies substantial consideration for the establishment of an Army air base, as contemplated under H. R. 4130, now pending before the National Congress, by virtue of its absolute centralization on the present transcontinental air route; and

Whereas meteorological conditions throughout the entire year justify a preference for Nebraska in connection with all-season flying as contrasted with other territories and localities; and

Whereas the experience of present air mail operators across Nebraska, where pioneer organization of all air mail in the United States was founded, it being on this specific route through Nebraska where first night air mail was flown; and

Whereas statistics show that these air mail operators fly an annual completed schedule for each year of operation an average of 97 percent for each completed schedule; and

Whereas the maximum altitude above sea level in Nebraska will not exceed the figure that would preclude sea-level performance of any aircraft; and

Whereas the general terrain along the present transcontinental air route across the entire extent of Nebraska naturally follows the Platte River Valley, which greatly enhances aircraft operation; and

Whereas the State of Nebraska affords, along this transcontinental air route, a grazing section which can be obtained by purchase for military air-base uses at a minimum figure; and

Whereas the seasonal variations for temperature in Nebraska are of sufficient extreme to acclimate the personnel to any flying conditions; and

Whereas the State of Nebraska has splendid railroad facilities from the Gulf oil fields for the expeditious supply of aircraft fuel and lubricants: Now, therefore, be it

Resolved by the House of Representatives of the State of Nebraska in fiftieth regular session assembled:

1. That this house of representatives deems it of immediate importance that the attention of the Federal Government be directed to the peculiar availability of the State of Nebraska for the establishment of a military air base pursuant to the provisions of H. R. 4130, now pending in the Congress of the United States.

2. That the chief clerk be directed forthwith to forward a copy of this resolution, properly authenticated and suitably engrossed, to Franklin D. Roosevelt, President of the United States; to George H. Dern, Secretary of War; to Gen. Douglas MacArthur, Chief of the General Staff of the Army; to Maj. Gen. B. D. Foulis, Chief of the Air Corps; and to each Senator and Congressman representing the State of Nebraska in the Congress of the United States, to the end that the peculiar availability of the State of Nebraska for consideration as a military air base be called to the attention of those Federal officials to whom will be committed the selection of the same.

This is to certify that the within resolution was introduced and passed by the Nebraska House of Representatives on the 8th day of April 1935.

MAX ADAMS,
Chief Clerk of the House.

REPORTS OF COMMITTEES

Mr. AUSTIN, from the Committee on Military Affairs, to which was referred the bill (S. 1578) for the relief of Beryl M. McHam, reported it with an amendment and submitted a report (No. 471) thereon.

Mr. SCHWELLENBACH, from the Committee on Military Affairs, to which was referred the bill (S. 2252) for the

relief of Henry Hilbun, reported it without amendment and submitted a report (No. 473) thereon.

Mr. THOMAS of Utah, from the Committee on Military Affairs, to which was referred the bill (S. 2265) extending the benefits of the Emergency Officers' Retirement Act of May 24, 1928, to provisional officers of the Regular Establishment who served during the World War, reported it with an amendment and submitted a report (No. 479) thereon.

Mr. LOGAN, from the Committee on Claims, to which was referred the bill (S. 373) conferring jurisdiction upon the Court of Claims to hear, determine, and render judgment on the claim of Robert A. Watson, reported it with an amendment and submitted a report (No. 472) thereon.

Mr. THOMAS of Oklahoma, from the Committee on Indian Affairs, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 1534. A bill to provide funds for cooperation with the school board at Queets, Wash., in the construction of a public-school building to be available to Indian children of the village of Queets, Jefferson County, Wash. (Rept. No. 474);

S. 1537. A bill to provide funds for cooperation with the school board of Shannon County, S. Dak., in the construction of a consolidated high-school building to be available to both white and Indian children (Rept. No. 475);

S. 2148. A bill to provide for the leasing of restricted Indian lands of Indians of the Five Civilized Tribes in Oklahoma (Rept. No. 476);

S. 2214. A bill conferring jurisdiction on United States district courts over Osage Indian drug and liquor addicts (Rept. No. 477); and

S. 2482. A bill relating to the tribal and individual affairs of the Osage Indians of Oklahoma (Rept. No. 478).

Mr. TRAMMELL, from the Committee on Naval Affairs, to which was referred the bill (S. 1610) authorizing the Secretary of the Navy to accept on behalf of the United States a certain strip of land from the State of South Carolina, reported it without amendment and submitted a report (No. 480) thereon.

Mr. HAYDEN, from the Committee on Territories and Insular Affairs, to which was referred the joint resolution (S. J. Res. 88) to abolish the Puerto Rican Hurricane Relief Commission and transfer its functions to the Secretary of the Interior, reported it without amendment and submitted a report (No. 481) thereon.

Mr. WHEELER, from the Committee on Interstate Commerce, to which was referred the bill (S. 1629) to amend the Interstate Commerce Act, as amended, by providing for the regulation of the transportation of passengers and property by motor carriers operating in interstate or foreign commerce, and for other purposes, reported it with amendments and submitted a report (No. 482) thereon.

ENROLLED BILL PRESENTED

Mr. LONERGAN (for Mrs. CARAWAY), from the Committee on Enrolled Bills, reported that on the 11th instant that committee presented to the President of the United States the enrolled bill (S. 1308) to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Cairo, Ill.

EXECUTIVE REPORTS OF A COMMITTEE

As in executive session,

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the nominations of sundry officers in the Regular Army, which were ordered to be placed on the Executive Calendar.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. CAREY:

A bill (S. 2564) to grant an honorable discharge to Charles L. Wymore; to the Committee on Military Affairs.

By Mr. LEWIS:

A bill (S. 2565) to create a central statistical committee and a central statistical board, and for other purposes; to the Committee on Expenditures in the Executive Departments.

By Mr. THOMAS of Oklahoma:

A bill (S. 2566) to provide for the payment to veterans of their adjusted-service certificates, for controlled expansion of the currency, and to extend the time for filing applications for benefits under the World War Adjusted Compensation Act, and for other purposes; to the Committee on Finance.

By Mr. BYRD:

A bill (S. 2567) for the relief of Nannie D. Harding;

A bill (S. 2568) for the relief of Thatch A. Lufsey; and

A bill (S. 2569) for the relief of William E. Smith; to the Committee on Claims.

A bill (S. 2570) directing the Court of Claims to reopen certain cases and to correct the errors therein, if any, by additional judgments against the United States; and

A bill (S. 2571) directing the Court of Claims to reopen the case of William G. Maupin, Jr., et al against United States, Docket No. 34,681, and to correct the errors therein, if any, by an additional judgment against the United States; to the Committee on the Judiciary.

A bill (S. 2572) to provide for the establishment of the Richmond National Battlefield Park, in the State of Virginia, and for other purposes; to the Committee on Public Lands and Surveys.

By Mr. SMITH:

A joint resolution (S. J. Res. 101) to amend the Emergency Relief Appropriation Act of 1935 to authorize grants to community hospitals; to the Committee on Appropriations.

GOVERNMENT MARKETING CORPORATION—ADDRESS BY SENATOR FRAZIER

Mr. CAPPER. Mr. President, I hold in my hand a copy of a very interesting speech delivered by Senator LYNN J. FRAZIER, of North Dakota, at a luncheon given by the People's Lobby in Washington on March 30, 1935, and broadcast by the National Broadcasting Co., on Senate bill 1736, which would set up a Farmers' and Consumers' Financing Corporation. Since the measure discussed by Senator FRAZIER is one in which the people of the country are much interested, I ask unanimous consent that the speech be printed in the CONGRESSIONAL RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Senate bill 1736 sets up a Farmers' and Consumers' Financing Corporation. This corporation would have the power to regulate the prices of farm products from the producers to the consumers.

Under our existing marketing system the producers of farm products are forced to sell at a price over which they have no control and usually below cost of production, and the consumer buys at prices fixed by someone else and usually much too high as compared with the price the producer receives. In short, the producer is robbed in the price he receives, and the consumer is robbed in the price he pays. The spread between farm prices and city prices is too wide. The farmer gets about 35 cents of the consumer's dollar, where he should get at least twice that amount. There is urgent need for an economical and efficient marketing system.

A last month's issue of the Consumer's Guide, issued by the Agricultural Adjustment Administration, states that "never before in this country have so many people been unable to buy food and the simple necessities of life as in the past 2 years." It might also be said that there was never a time in the history of this country when the people who produce the food products and other necessities were so hard up as they have been the past 2 years, and all because of the fact that they have had to sell their products below cost of production. No business can be successful unless it gets cost of production and at least a little profit. Farmers by the hundreds of thousands have lost their homes and land.

Strange as it may seem, during the past 2 years, when such vast numbers of people have been out of employment, when farmers have been going broke by wholesale, when millions of our people could not buy the simple necessities of life, when there has been more of actual want and hunger than in any other like period in the history of our Nation, there have been more food products deliberately destroyed than in all the preceding life of our country. During the past 2 years of misery and want the big companies and corporations that have handled farm products have made good profits. While the poor have been getting poorer the rich have been getting richer.

I want to mention a few of these companies. The National Biscuit Co., in 1933 and 1934, made a net profit of \$26,592,000; the

National Fruit Co. made a net profit of \$21,290,000; Armour & Co., meat packers, made a net profit of \$19,446,000; the Borden (milk) Co. made a net profit of \$9,136,000; the National Dairy Corporation made a net profit of \$13,603,000; the Corn Products Refining Co. made a net profit of \$21,207,000; the U. S. Tobacco Co. made a net profit of \$6,807,000; and the Great Atlantic & Pacific Tea Co., in its last two annual reports, showed a net profit of \$43,210,000—these profits during the 2-year period of the hardest times our Nation has ever known. I submit there is a need of regulation of prices.

The income-tax returns for 1933 show an increase of those who had a million dollars or more net income over the 1932 returns by 26. That is, in 1933 there were 26 more in the million-dollar, or over, net-income bracket than there were in 1932. In spite of these profits by the handlers and processors of food products, Secretary Wallace is quoted by the papers this week as saying that the rise in food prices has not been excessive; that the increase has only kept pace with the rise in national income.

The Secretary says: Prices are not excessive; the increase in price of food products has only kept pace with the rise in national income—it would be more logical if put the other way, for certainly the rise in income of the companies I have mentioned has kept pace with the rise in the price of food products, and then some. Here in the National Capital there was a rise in prices of food products noticeably when the 10-percent reduction of Federal employees' salaries was restored. They take all the traffic will bear.

During the past 5 years, income from agriculture has been only 8.8 percent of the national income, although the agricultural population is approximately 25 percent of the total number of people. The new-deal agricultural program aims to cut down the production of farm products to the amount needed for home consumption, and the farmers have been given so-called "benefit payments" to recompense them for reducing the farm-crop acreage; yet recent figures from a Government authority show that 51 percent of the imports that came into this country in 1934 were agricultural products, and many of them in direct competition to our own farm products. There was imported in 1934 grains and preparations from grains to the value of \$33,212,000; dairy products, \$10,865,000; meat products, \$12,812,000; vegetables and preparations, \$16,000,000; hides and skins, \$116,519,000 worth; tobacco, unmanufactured, \$24,932,000 worth.

In the past year, over 10,000,000 bushels of rye have been imported which has had the effect of keeping down the price of domestic rye. Some comparison of the cost of bread made from wheat flour and from rye flour may be of interest. The Department of Agriculture gives the following figures as of date of February 15 of this year:

Average price of 1-pound loaf rye bread.....	8.7
Average price of 1-pound loaf white bread.....	8.3

Farm prices on rye per bushel of 56 pounds, 69.3 cents; wheat prices per bushel of 60 pounds, 87.9 cents; and wholesale price of rye flour per barrel at Minneapolis, \$4.244; and wholesale of wheat flour, standard patent, was \$7.281 per barrel. Although rye flour is \$3 less per barrel than white flour, yet bread from rye flour sells for more than white bread. The average cost of ingredients going into a pound loaf of white bread made by a typical formula is 3.06 cents, and the cost of the flour is 2.14 cents. The approximate amount the farmer gets for the wheat that makes the flour for a 1-pound loaf is 1 cent, and the average price of a 1-pound loaf of bread is 8.3 cents. During the past 10 years the price of a 1-pound loaf of bread of the best grade here in Washington has been 9 cents, and the price of wheat to the farmer has varied from 25 cents per bushel to \$1.25 per bushel. The price of the wheat or rye has little to do with the price of bread, and that is literally true of the prices of many other farm products.

If this bill to regulate prices from producer to consumer becomes a law, it is believed that the price to the producer can be increased to an amount based on cost of production and fair profit, and the price to the consumer not increased, and in many cases lowered by eliminating the unnecessary middlemen and also by eliminating unnecessary profits. Recently here in Washington Maine potatoes, for which the grower was receiving 12 cents per bushel, were retailing at the rate of \$1.32 per bushel. Radical adjustments and changes must be made. There is no logical excuse for continuing to rob the farmer at one end of the game and continuing to rob the consumer at the other end of the game. The producers and consumers should organize and write the rules of the game and have a fair regulation of prices.

ISSUES BEFORE AMERICA—ADDRESS BY SENATOR WHEELER

Mr. MURRAY. Mr. President, I ask unanimous consent to have printed in the RECORD a radio address delivered on April 8 last by my colleague, the senior Senator from Montana [Mr. WHEELER], the subject being Issues Before America.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

In the minds of some, 1929 was a golden era. Optimism ran even higher than securities on the stock exchanges. But those were careless, slipshod days. Credit had been inflated out of all reason, partly by the overcapitalization of our corporations. When a certificate of stock or a bond was issued to you and you borrowed money on it at the bank, or if you bought it on a margin, you were inflating the credit, and the indispensable widows and orphans, and the bootblacks and scrub women who were buying

watered securities were helping in their little way to inflate the credit of the Nation.

When all this credit inflation, which in fact was really only the creation of a fantastic and impossible debt, started to topple over, big business rushed to the Government and borrowed the taxpayers' money for the purpose of prolonging the day of reckoning, which, in my judgment, has yet to come.

Business and financial leaders of prominence issued weekly interviews telling how much bigger and better things were getting all the time. Why, nothing could stop us in our forward march.

I happened to notice in the paper the other day where one of these men just returned from Europe, and when interviewed about conditions, shook his head gloomily, and uttered words of despair. Now, that is the most hopeful sign of the end of the depression that I have yet seen, because this man was wrong so many times in 1929, when things were getting bigger and better, and was wrong so many times during 1930, 1931, and 1932, when he told us that prosperity was just around the corner.

These same high priests are still with us, and they honestly believe that we should let things work out with no Government interference except Government loans. They do not want reforms. Crazy speculation is in their blood and nothing would make them so happy as to be allowed to build up another 1929. But, my friends, their usefulness—and I am admitting that in the past they have been useful—is over. The day of frontiers is over and we must settle down to living the fullest possible life with our resources.

Friends, we have something far more important before us today than any feeble attempts to reassure the public that all is well. We have something on our hands that is infinitely more of concern to our welfare than any minor patching up of the old machine.

America is at this moment on the threshold of very vital and far-reaching decisions. Where do we want to go? The decision is up to us. Do we want to do what some strong groups contend for and abandon our foreign trade for economic nationalism? I can hear some of my listeners say we want to maintain our high-tariff walls and at the same time to get all the international trade. That is impossible. There is only one way that we can sell our surpluses abroad and that is by permitting other nations to trade with us. We must decide on a definite policy.

Secondly, do we want to go back and have money of redemption and a metallic base for it? If we do, then we must face the fact that there isn't enough gold in the world to meet the needs of commerce and that we must remonetize silver. Or do we want to abandon the metallic base entirely and depend on a managed currency? If we remonetize silver, we will help the manufacturer by preventing the dumping of oriental goods over our tariff barriers.

The trouble with the American political life has been that during the war and since the war up to 1929 so many people were prosperous that they did not stop to figure out what was bringing about that temporary prosperity. We felt that we were God's chosen people and that somehow in His divine wisdom He had picked us out for special attention, when suddenly in the autumn of 1929 we were face to face with the greatest economic catastrophe of modern times, either for this country or any other.

Now, I haven't time in the few minutes that has been allotted to me tonight to point out some of the danger signals that lie in whatever route we choose on these questions. Irrespective of which fork in the road we take, the burning issue before America today is whether we are going to allow monopolies and other large aggregations of economic power to continue to dominate our whole social, economic, and political life.

This issue has its roots in the fact that 96 percent of we American sovereigns own only 15 percent of the wealth; in the fact that 1 out of every 6 persons is dependent upon Government relief for his very livelihood; in the fact that 11,000,000 people are unemployed. Either industry itself must see that more money gets into the hands of the people in the form of purchasing power or it will have to be a function of the Government to do as they are doing now; that is, taxing industry and placing the proceeds in the hands of the needy in the form of relief. If we do this, we are verging onto fascism, which would, to my mind, be worse than unfortunate. It would be so because fascism implies the strong hand of a leader, censorship in the press, on the radio. And I don't think that there is any man capable of being dictator of the United States of America, be he Herbert Hoover or Franklin D. Roosevelt, or anyone else. We have too precious a heritage of freedom and democracy to intrust it to fascism, communism, or any other ism that implies centralization of too much power in the hands of any one individual.

Big business gives us a good enough example of the evils which might attend this course. From 1920 to 1929 no sacrifice was too great to make to centralize power in the hands of fewer and fewer corporations, controlled by fewer and fewer individuals. In 1909 the 200 largest nonbanking corporations had assets of only \$26,000,000,000. In 10 years, by 1919, these assets had reached 43.7 billions, or an increase of 63 percent. In the next 10 years, from 1919 to 1929, they increased to \$81,000,000,000, or a gain of 85 percent in that period.

These 200 largest corporations would, if the rate of growth from 1924 to 1929 were applied in the future, in 30 years absorb all corporate activity and practically all business activity. These 200 largest corporations are directed nominally by about 2,000 men. But most of the directors are inactive, many of them are dummy directors. It is safe to say that only a handful of men, somewhere in the hundreds, control half our corporate wealth. The other day Chairman Jesse Jones, of the R. F. C., testifying before my

committee in the Senate, stated that the railroads were controlled by the bankers. Other testimony showed that the banker control was almost entirely divided between just two banking firms. What is true of the railroads is also true of the life-insurance companies and the utilities in just the same way. I have no doubt that it is true of most of the rest of the 200 corporations. This shows that while half of the corporate wealth is controlled outright by a handful of men, at least the major share of these men may be controlled in turn by less than a half dozen investment bankers.

The corporate form was originally one by which private business was conducted by an individual. It is now a means whereby some financial operators have exercised their power to glut their selfish ambition. It is a means whereby these operators, entirely without investment stake of their own, put the risks of their own bad judgment on thousands of part owners—the stockholders, from Maine to California—while taking out for themselves the profits, in the form of salaries and bonuses, that accrue from their good judgment.

In its original form the corporate device served a very necessary function and was a fine thing, but I say to you business units of the size of these 200 corporations have no place in our economy. In them are all the objectionable features of Government ownership and state socialism, except that they are in no way responsible to the public interest. They lend themselves to the maldistribution of wealth and purchasing power. They tend to stifle private initiative. They foster nepotism in its worst form. They deliberately suppress inventions and new processes so that they can preserve obsolete and uneconomical machinery and plants. They are bureaucracy plus. Their managements, like the Hapsburgs and other royal families, tend to be self-perpetuating, because by wide dispersion of the stock ownership, the use of proxies and holding devices, they can remain in control with only a minimum of stock. Economic democracy under them is an impossibility when they own around 40 percent of all business wealth. Their influence, however, does not stop at ownership. They control newspapers.

There is no way of estimating how much wealth they actually and effectively control in addition to what they own. Employees and people dependent upon their favors have little more democracy than did the serfs under the feudal system. They can go out and vote, yes, but even in this their economic dependence upon these companies is such that they do not dare in some instances to disobey a mandate to take sides in a particular issue.

I think it would be very enlightening just at this point to read an editorial from the *Electrical World*, semiofficial publication of the public utilities. In the list of 200 largest corporations which I have mentioned, 52 are public utilities. I quote briefly from the editorial, which is entitled "Light Up with Politics":

"Upon a platform of public interest, utility men as taxpayers, as citizens, as representatives of employees and investors, and as public-service suppliers, must make politics their major concern. Every executive or manager in each community served must devote his individual efforts to making the citizens and the politicians friends instead of enemies. * * * These utility men must come to know intimately the present municipal officials and State and national legislators, also those who will attain these political positions in the future, and they must be able to convince these men of their political impartiality. * * * Success in politics depends on human relations, and these have their greatest center in the homes of the citizens of each locality. Utilities should translate public service into political service also by taking local action adequate to meet present needs. Local tickets should be slated and local platforms written at once for each community."

How much effect the lesson for utilities contained in this editorial has had can best be judged by the campaign against the public-utility holding company bill which I have introduced in the United States Senate.

I will be the first to admit that these corporations have every right to spread their gospel in any way they see fit, but I strenuously object to the masquerading of their own selfish interests under the garb of concern for the poor dear public. They have the right to voice their opinions in the public forum, and I would be the last to say that they should be deprived of it in any way, shape, or form. But when they are openly avowing that they are out for all they can get, then I think that the public is entitled to know just where they stand, so that when the representatives of the people are called upon to choose between selfish propaganda and the public interest they can make an honest choice without thought of political expediency and knowing that the public appreciates the real issues involved.

Any idea that these 200 great combinations of capital can be effectively regulated in the public interest under any device we have yet discovered is wishful thinking. When any reform legislation comes up in Congress these combinations descend in a body and lobby furiously against it. They tell their stockholders that they will be ruined, they order their employees out to spread the sad news that everyone will be ruined. They cause a flood and barrage of letters to be written to their Representatives and Senators. If we get any legislation through at all it is finally so full of loopholes that they can get around it.

These corporate managers prate to you that you are losing your liberty under the new deal. I am sure that none of you is being taken in on just whose liberties they are referring to—certainly it isn't your liberties. Why, in their rush for size they take men from the farms and small towns and crowd them together in huge industrial centers. They make them dependent absolutely on a highly specialized job, because they know that if the worker can

do only one thing and if he is set down with his family in a place where there is only one thing to do he is absolutely dependent upon that job, no matter what the pay, no matter what the hours of work. If they want to cut costs they lay off men, put them in the bread line.

That is where the bulk of the relief load is going today, to people who had been slaves to the routine of mass production.

If corporate growth goes on unchecked we won't have to worry about the Government taking them over—they will be the Government. They will take over the Government.

Lately there has been a trend of thought which has felt that there should be a decentralization of these combinations of power, a feeling that with smaller units real ability would be more surely brought out and individual initiative restored to many capable people who are practically servants today. Certainly it seems to me to be the only alternative to Government ownership of industries, if not fascism. If, as we have every reason to believe, their assets increase so that in 20 or 25 years they own all business wealth, they will have to be merged with the Government. We can have no other alternative, nothing else can happen, because if they own all business wealth they will then be the Government.

This is a second choice that we cannot escape. It is perhaps not so pressing at this moment as the choice we must make between nationalism and internationalism, but it is none the less inevitable, and the sooner we make it the less painful will be the process of readjustment. Regulation has broken down. Prosecutions under the Sherman Trust Act are largely a thing of the past. There is one way to bring it about, however, and that is by graduated taxation. If the tax is not confiscatory, but getting higher in the larger ranges of capital structure, only those large corporations who can demonstrate that their size makes them more efficient will be able to avoid voluntarily breaking up into smaller units. It will give the little business man a chance to compete.

In conclusion, let me say to you that many sincere and honest citizens have viewed with alarm the enormous response which greets such movements as the Townsend old-age pension plan, Senator Long's share-the-wealth plan, E. P. I. C., and others like them. Many people feel that there is something subversive about them, that they faintly are un-American and communistic. Even if they do cause some newspaper publishers to see "red" behind every tree and bush, to a serious student of history they are the signs of regeneration of thought in the American people.

We ought to welcome the mental energy in all the plans for recovery springing up throughout the country. Out of this so-called "radicalism" of the past has come every progressive change in our economic and political system. Practically every important development of the last 20 or 30 years derives from some ridiculed "ism" of the Populists or other equally forgotten party which preached the doctrine 15 years before.

The radicals of yesterday are the conservatives of today. There is nothing more disrespectful of our own maturity and national intelligence than a fear that we cannot prevent ourselves being taken in by every "ism" that comes along. We need Justice Holmes' grown-up courage and faith to believe in "free trade of ideas" and that "the test of truth is its ability to get itself accepted in the market place."

To business men who are afraid, remember the United States is still the most conservative nation in the world.

These grumblings from the underprivileged 96 percent of the population are entirely natural. One can hardly expect a man with an empty stomach to remain long incurious about the economic forces which are keeping his stomach empty.

You people who believe that you can scotch the Townsend plan or "share the wealth" by merely pointing to the technical defects in the proposals for carrying them out are deluded. In order to prevent a much more drastic reorganization of the system than most people can even imagine at this time, we must have more than scoffing. We must decide two things and decide them quickly. The first is, What place is the United States going to occupy in the world picture? The second is, Do we want either private or public fascism, or do we want industrial and economic democracy?

The American people must give their answer to both of these, and the sooner the ship of state gets to sailing a charted sea the better it will be for all of us.

ECONOMIC CONDITIONS—ADDRESS BY BENJAMIN C. MARSH

Mr. FRAZIER. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD a radio address delivered by Benjamin C. Marsh, executive secretary of the Peoples' Lobby, at Washington, D. C., on Saturday, March 30, 1935.

There being no objection, the address was ordered to be printed in the RECORD as follows:

THE WASHINGTON MESS

(By Benjamin C. Marsh, executive secretary of the People's Lobby)

Washington is in a mess partly because the new deal is attempting to restore former property values and property income, and with the concentration of ownership of property and of income this precludes sufficient purchasing power to the masses to permit a decent standard of living.

The new deal is Government subsidized State capitalism.

To save creditors the Government last year loaned \$6,161,000,000, which was \$2,907,000,000 more than in 1933.

Two years ago this month, when the President took office, the capital structure of corporations was probably about \$100,000,000,000 too high, asking price for land at least \$60,000,000,000 too high, debts at least twice what the people could carry, or interest rates nearly double what we could stand. The write-down since has been small.

In 1932, out of the total national income paid out, \$48,952,000,000 \$17,361,000,000, or nearly two-fifths, was paid as property return, dividends, interest, rents, royalties, and entrepreneurial withdrawals.

About 1 percent of the families received about one-ninth of the total national income, and nearly one-fifth of the total returns to property in 1932; and they paid the least taxes in proportion to ability to pay, and real benefits conferred by government. That is true today.

The effort is made to raise commodity prices to attempt to validate property prices and debt structure of the 1926 level. Since this handful of people own this property and much of the debt, the masses of the people are compelled to reduce the amount and variety of their consumption; and poverty, unemployment, and underconsumption continue, and will continue until excess prices or valuation of all sorts of property—land, capitalization, and debt—are written down or written off.

Government will have to do this. Inflation by silver purchase or otherwise would merely shift debts and create new debts of high land values and stock prices.

Profits alone were not such a serious item in 1932, for dividend payments were only \$2,590,000,000 and the net income of all corporations reporting net income was only \$2,153,112,819.

Interest payments, however, were \$5,506,000,000 and production charges on account of private retention of ground rents considerably more, probably at least \$6,000,000,000.

Devaluation of the dollar has meant compelling the propertyless or small-propertyed classes to pay debts and become the victims of others' misfortunes.

The Government's \$2,800,000,000 profit on devaluation came out of the pockets of consumers.

The total increase in wages paid and in farmers' income during the past 2 years is only about as much as governments have spent on relief and credit for public works and enterprises.

The Reconstruction Finance Corporation, started under President Hoover, was chiefly an effort to save bankrupt concerns from taking their medicine and to compel the masses to take their medicine for them.

The total authorizations of the R. F. C. to February 28 this year for activities of the Corporation, other than advances to Government and for relief, were about \$5,000,000,000, of which only about half has been repaid, despite devaluation of the dollar and an increase of about one-half in the national debt.

The administration's pending banking bill does not socialize credit—for that means using credit to increase consumption. This bill carries on the validation through Government credit, of overcapitalization and of excessive values, by permitting loans up to three-quarters of what a Presidential appointee decides is a sound basis.

This bill is an attempt to restore the imbalance of the 1926 concentration of ownership of that year when the Federal Trade Commission reported 1 percent of the people owned about three-fifths of the national wealth and 13 percent owned about nine-tenths.

The Supreme Court's decision on the gold clause apparently knocked into a cocked hat the century-old decision in the Dartmouth College case upholding the validity of contract. Nothing can for long be held unconstitutional which is necessary to save our Nation.

The public-works bill carrying about \$4,000,000,000 for public works to be administered by the President will be a life-saver for landowners. Much of the general improvements to be constructed, not including all housing, should be assessed upon property benefited thereby, but this has not been done. For the 18 months, April 1933 to January 1935, the value of materials ordered under the P. W. A. was \$701,000,000, and total pay rolls only \$360,000,000, about half as much. The average number of men directly employed in 1934 was about 450,000, and 170,000 indirectly. The public-works bill will compel workers to enrich landowners and business interests as a condition of getting work to escape starvation. Rear Admiral Peoples testified that in slum clearance, labor would get 28 percent of cost; on national-highway construction, 40 percent; on grade crossings and rural electrification, 30 percent; on non-Federal projects financed by P. W. A., 33 percent.

Agriculture is doomed as an individualistic competitive enterprise, but the administration is apparently trying to maintain this system, and the acquisitive instinct, instead of fostering intelligent socialized farming, whether Government farms, or cooperative or corporation farms, under strict Government control.

The subsistence homesteads and rural industrial communities the administration is trying to set up are also methods of lowering living standards of workers, and getting them away from crowded centers where their protest is dangerous.

Housing is the most practical method of large-scale reemployment of nonprofessional workers, but the present and proposed schemes of the administration can't work, because land speculators and owners of death-dealing tenements have blocked it, and the administration doesn't dare to alienate support by exercising its powers of eminent domain and taxation of land values. States are also to blame for failing to transfer taxes from buildings to

land values, which would be a major step toward settling the housing problem.

The Guffey bill reported by the Senate Subcommittee on Interstate Commerce would have the Government pay \$300,000,000 for coal lands, this sum to be assessed on consumers, although the Department of the Interior recently reported that there are 200,000,000 tons of valuable coal on Government-owned land.

The coal and oil codes fortified the gamblers in these natural resources and are costing consumers at least \$400,000,000 a year, in addition to the hundreds of millions of dollars that consumers pay in taxes on these commodities.

Few measures of the new deal end any special privilege; most of them fortify one or another. The bill to end ultimately (why not now?) holding companies for public utilities is a step in the right direction, but ignores the basic fact that the one proper holding company for public utilities is the Federal Government.

The securities law makes stock gambling a little safer, but doesn't stop it. The National Industrial Recovery Act fortified monopolies, solidified scores of billions of watered stock into profit earning, mulcted consumers, and crucified labor's standards.

The Agricultural Adjustment Act is primarily a bonanza for speculators in farm lands and holders of mortgages thereon.

Organized labor has lost pretty much along the line because its leaders have largely tried to divide the swag with the capitalists. There is no hope for labor, as it learned by the defeat of the prevailing rate of wages provision, in that course. If it is to hold the sympathy of the consuming public organized labor—and this is equally true of organized farmers—must abandon their role of subcapitalists.

There are two alternatives to early and pretty wild inflation, which is as hard to control as a cyclone and which can easily reduce the purchasing power of savings, dividends, interest, and life-insurance policies and annuities to one-third or even 1 percent.

Those alternatives are heavy Federal taxation of incomes, including income from Government bonds, estates, corporation profits, and liquid surpluses, and land values, and writing down capital structure, debt, and land values, before this Congress adjourns.

Unless we pay as we go in peace we won't in war.

Inflation does not lead to socialization, but to desperation, starvation, and militarization, as witness Germany.

We probably cannot maintain a decent standard of living for the masses of the American people, who probably will not peacefully accept any other standard and pay much, if any, over 2 percent on capital structure of corporations on land values and on debt.

The terror of reactionary wealth over the mess in Washington and the mass discontent in the Nation is evidenced by the bills to prevent frank discussion and to abolish civil liberties, such as the McCormack and Dickstein bills, the increased appropriations for Army, Navy, and air forces, and the increase of one-third in the Army.

There can be no peace between nations till there is justice within nations and international cooperation. Secretary of State Hull is to be highly commended for his efforts for lower tariffs to increase international cooperation.

Write or wire your Member of the House and both your United States Senators to oppose all legislation until Congress—

1. Adopts the British system of taxation, which would yield about \$4,000,000,000 additional revenue, repeal at least one and a half billion dollars of Federal consumption taxes, and enacts the Moritz bill taxing owners of valuable land. England taxes heavily in the depression—so can we.

2. Creates a Government housing corporation empowered to get land at a reasonable figure and to construct plants or to obtain material for housing at a reasonable price.

3. Creates a Government marketing corporation such as Senator FRAZIER's bill sets up, so that farmers may produce to meet the Nation's needs instead of reduce to match the people's poverty.

4. Creates a Federal natural resources board to take over the four great competing natural resources—coal, oil, water power, and gas—paying owners for values they have created, so we may have electrical energy and heat at a nonmonopolistic price.

5. Creates an agency to write down excess capitalization, debts, and interest rates, as socialization at present prices would break us.

6. Creates a central Government bank to socialize credit for consumption, not to liberalize it for speculation, as the silver simpletons and speculators, land and stock gamblers, and other inflationists wish.

7. Creates an organization empowered to condemn good farm land and run farms itself or organize collective farms to employ tenant and dispossessed farmers and share-croppers.

PUBLIC SERVICE EDUCATION—ADDRESS BY HARRY G. VAVRA

Mr. COPELAND. Mr. President, I ask unanimous consent to have printed in the RECORD a very interesting address on the subject of Public Service Education, delivered over the radio by Harry G. Vavra, national president of the Educational Conservation Society, on the occasion of American conservation week, Monday, April 1, 1935.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Friends of the radio audience, it is a very real pleasure to extend greetings to you on this first day of American Conservation Week, which is being observed with ceremonies appropriate to the occasion in schools throughout the country.

My talk comes to you at a time when the Nation is still feeling the effects of the last drought. It comes to you at a time when the country is facing another possible national disaster in the sandstorm, which has swept over many of our States. Soil and weather experts have already warned that the damage to crops will run into millions of dollars, and that there is serious danger of the West becoming a great American desert. Deforestation and unjustified drainage practices are largely responsible. There is no doubt that lack of forestry and replanting, overgrazing, and improper methods of cultivation resulting in erosion of the soil have helped to cause such national calamities as droughts, floods, and forest fires.

President Roosevelt in his message to the Educational Conservation Society has given his whole-hearted endorsement to American Conservation Week and has truly stated that, "All of our people do not yet fully understand the full significance of conservation as related to our economic existence, although there is a constantly growing realization of this relationship, and in the last few years the cause of conservation has been advanced notably."

The American conservation week committee of the society consisting of the various State conservation agencies, is stressing the importance of teaching conservation as a regular subject in the schools of America so that present and future generations will be fully educated to its significance and principles.

In the year 1933 the Educational Conservation Society made a radio appeal for public conservation education over this network. Since that time much progress has been made. Secretary of the Interior Harold L. Ickes, many State Governors, the Federal Office of Education, State departments of education, State departments of conservation, college heads, and superintendents of schools all have endorsed the movement.

For many years conservation has been treated in a haphazard manner and in a piecemeal fashion as part of various subjects. After the pupils completed their elementary and high-school work, they really had no definite knowledge of its basic principles and problems. Educators soon found that this did injustice to the subject of conservation.

In a letter under date of August 23, 1934, State Superintendent L. A. Woods, of the Texas State Department of Education, wrote: "Permit me to say that I believe in the teaching of conservation from every angle—conservation of the forests, conservation of the natural resources, conservation of the waters that flow down the rivers of the several States, conservation of the soil, and conservation of the lives of the individuals of this Nation. Anything that you can do to develop this program more fully will be greatly appreciated by all. We are stressing conservation in the schools and out of the schools, but I doubt if we are getting very far. I am for you, and anything that may be done along this line."

It was in order to remedy this defect that the Educational Conservation Society originally launched a campaign for the teaching of conservation as a regularly required subject in the schools of America.

With the cooperation of State departments of education and State departments of public instruction, the Educational Conservation Society is preparing courses of study on the conservation of natural resources for the public elementary schools, high schools, colleges, and universities, and is preparing a program for the training of teachers, supervisors, and directors of conservation subjects. Several years have been devoted to this work, which will be completed in the near future.

The society is grateful to the radio and to the press that have cooperated in our campaign for public conservation education.

Due to lack of proper conservation education, the United States has suffered from such calamities as droughts, floods, and forest fires, resulting in serious loss of life and property. Due to inadequate conservation education, the Nation soon found itself faced with deforestation, soil exhaustion, destruction of mineral and water resources, as well as of scenic beauty and wildlife extermination.

Realizing the seriousness of the situation, the late President Theodore Roosevelt made conservation of the natural resources a definite national policy.

Fortunately for the social welfare of America, President Franklin Roosevelt is continuing and enlarging this policy of conserving the Nation's natural resources. The latest contribution is the report of the National Resources Board. This is the most comprehensive plan ever placed before the American people, and it certainly merits their whole-hearted support.

Fundamentally the basis of national prosperity and the happiness of present and future generations are dependent upon the conservation of the Nation's natural resources. Ultimately we obtain our food and clothing from the soil. Our forests not only conserve the soil but help to prevent floods and severe droughts. They provide us with various products and homes for wildlife. They have recreational and aesthetic values. Our waters are valuable for meeting domestic and community needs, for supplying power and irrigating arid lands, for providing homes for fish life and feeding places for waterfowl, for providing recreational and aesthetic opportunities, and for promoting navigation. Our subsoil resources, such as minerals, coal, peat, limestone, potash, saline deposits, chemical waters, oil, and gas, serve a variety of industrial and commercial purposes. They are a necessity to civilization. Our wildlife resources have great aesthetic and recreational as well as economic values. The beauty and health-

giving influences of unspoiled nature are of serious concern to the public.

Natural resources are the heritage of present and future generations. It is your duty to protect them from unnecessary waste and destruction. Do cooperate with your Federal and State Governments by obeying their conservation laws. You can promote conservation and make America a more beautiful place to live in by working for constructive conservation laws, by preventing forest fires, and keeping the grounds clean, by taking part in the dedication of forests, parks, and sanctuaries, by planting trees, protecting the wild flowers, and feeding the birds.

It is more important to conserve our natural resources than to restore them after they are gone. That is often impossible. The people must be educated to the significance and principles of conservation. The school is the logical place to begin such a program. It is essential that the students be taught the principles of conservation. It is also essential that they be taught how to apply them practically. Good citizenship requires a definite knowledge of the subject.

The Educational Conservation Society is not only preparing conservation courses of study for the elementary schools and high schools but also for colleges and universities. It is making provision for the establishment of schools of conservation, departments of conservation, or departments of conservation education and summer nature conservation camps as parts of colleges and universities. The program includes such courses as will train prospective teachers of conservation and prepare students for positions with the Federal and State Governments.

As conservation is a State and national responsibility, it is only fair that Congress provide an annual appropriation for the purpose of cooperating with the States in the promotion of public conservation education by paying for the salaries and preparation of teachers, supervisors and directors of conservation subjects, equal sums to be contributed by the Nation and by the States for the purpose. The society is sponsoring a bill, S. 2384 introduced by Senator ROYAL S. COPELAND. The purposes of this bill are as follows: To provide for cooperation with the States in the promotion of conservation education in the public elementary schools, high schools, colleges, and universities; to provide for cooperation with the States in the preparation of teachers, supervisors, and directors of conservation subjects on the natural resources, and to appropriate money and regulate its expenditure.

The late Hon. Henry T. Rainey, Speaker of the House of Representatives, who fought for conservation from the administration of the late President Theodore Roosevelt until the present administration of President Franklin D. Roosevelt, made the following statement in a radio address delivered on April 8, 1934:

"I am thoroughly in sympathy with the efforts of the Educational Conservation Society. The place to commence a program of conservation is in the schools. Those who are to come after we are gone must be educated now as to the importance of the preservation of trees, of grass lands, of coal, of oil, and of wildlife. All of us who are now living can live out our lives perhaps without serious inconvenience but it is an obligation, which we must realize, to preserve natural resources for generations yet unborn."

Surely the people of the United States will agree with this view. It is altogether fitting and proper that American Conservation Week is being observed with ceremonies appropriate to the occasion in schools throughout the country.

ADDITIONAL HOME-MORTGAGE RELIEF

The Senate resumed the consideration of the bill (H. R. 6021) to provide additional home-mortgage relief, to amend the Federal Home Loan Bank Act, the Home Owners' Loan Act of 1933, and the National Housing Act, and for other purposes.

Mr. DIETERICH. Mr. President, I ask unanimous consent to have inserted in the RECORD resolutions adopted by the United States Building and Loan League at its convention in New Orleans last October. I am asking that the resolutions be printed at the request of the executive vice president of the league, who is a resident of my State, and whose letter I also ask to have printed in the RECORD.

There being no objection, the letter and resolutions were ordered to be printed in the RECORD, as follows:

UNITED STATES BUILDING AND LOAN LEAGUE,
Chicago, Ill., April 11, 1935.

HON. WILLIAM H. DIETERICH,

Senate Office Building, Washington, D. C.

DEAR SENATOR DIETERICH: Attached are seven resolutions which were adopted by our annual convention in New Orleans on October 26 of last year.

There were some fifteen hundred delegates from all over the United States at this convention. Our organization, as you know, includes some forty-one hundred building and loan associations and 46 State leagues. Over 75 percent of the assets in this type of cooperative thrift and home-financing institutions are included in our membership. These institutions have nearly 9,000,000 savings members and nearly 2,000,000 borrowing members.

These resolutions are constructive and have a general bearing on home-mortgage matters now before the Senate in the consideration of H. R. 6021. We would greatly appreciate it if you would present these resolutions for printing in the CONGRESSIONAL

RECORD at the time the Home Owners' Loan Corporation-Federal Home Loan Bank-Federal Housing Act bill is under consideration. Your cooperation will be greatly appreciated.
Sincerely,

MORTON BODFISH,
Executive Vice President.

(Enclosure.)

RESOLUTIONS ADOPTED BY UNITED STATES BUILDING AND LOAN LEAGUE
(At annual convention, New Orleans, La., Oct. 26, 1934)

TO PRESIDENT ROOSEVELT:

Whereas the President of the United States, Franklin D. Roosevelt, has sent to this Forty-second Annual Convention of the United States Building and Loan League a most gracious and cordial expression of his interest in the thrift and home-financing institutions of the country, and his recognition of the important part these institutions must play in the administration's announced objective to better the housing conditions of the country: Now, therefore, be it

Resolved, That the United States Building and Loan League in convention assembled formally express their appreciation of this message and the interest and understanding shown therein, and that this resolution be certified and forwarded to the President of the United States.

MORATORIUM LEGISLATION CONDEMNED

Whereas legislation providing for either partial or entire repudiation of obligations cannot be constructive or sound; and

Whereas legislation providing for moratorium on the payment of obligations is taken advantage of by persons able to repay their obligations as well as by persons in distress and the building and loan associations wish to give every relief to worthy but distressed borrowers, but, at the same time, must conserve the savings of millions of persons whose funds have been loaned to and spent by persons now able and sometimes unwilling to pay: Therefore, be it

Resolved, That the United States Building and Loan League in convention assembled formally protest the passage of moratorium legislation in many States, and those portions of the Frazier-Lemke Act which adversely affect the savings of millions of thrifty citizens of the United States and records its objection to further legislation of this nature.

FEDERAL HOME-LOAN BANKS

Whereas the President of the United States and the Federal Home Loan Bank Board have continued and sponsored the activities on behalf of the building and loan associations centered in the 12 Federal home-loan banks: Now, therefore, be it

Resolved, That we express our appreciation for their interest and effort and sincerely recommend that the responsibilities of the Federal home-loan banks be increased and that they be made the operative units in the relationships of the savings, building, and loan associations with the several phases of Government affecting the thrift and home-financing facilities of the people; and be it further

Resolved, That a copy of this resolution be formally transmitted to the President of the United States and to the Federal Home Loan Bank Board.

H. O. L. C. APPLICATIONS

Whereas the Home Owners' Loan Corporation has received applications for loans totaling almost twice the available resources of the Corporation; and

Whereas many persons cannot but be eventually refused mortgages from the Home Owners' Loan Corporation, but in the meantime, pending a decision on their applications, are unwilling to continue payments of either interest or principal to present mortgage holders: Therefore be it

Resolved, That the Board of Directors of the Home Owners' Loan Corporation is hereby formally requested to notify immediately those applicants for loans from the Corporation who cannot reasonably receive mortgages from the Corporation of this fact; be it further

Resolved, That a copy of this resolution be formally transmitted to the Federal Home Loan Bank Board.

THE INSURANCE OF SHARES

Whereas Congress of the United States, as an integral part of the National Housing Act, provided for the insurance of investments in savings, building, and loan associations; and

Whereas it was the intention of Congress that all solvent honorably managed savings, building, and loan associations be accorded the privileges of this protection: Now, therefore, be it

Resolved, That the United States Building and Loan League disapproves the spirit and detail of the Rules and Regulations promulgated for the Insurance Corporation as going beyond the necessities and intent of the statute enacted by Congress; and be it further

Resolved, That the most rigorous standards and supervision in the admission to and the conduct of the Insurance Corporation be approved; and be it further

Resolved, That we commend the statements of Mr. Fahey and Mr. Catlett made at the convention that there would be a minimum of regulation but a high standard of supervision; and be it further

Resolved, That a copy of this resolution be formally transmitted to the Federal Home Loan Bank Board.

ENDORSEMENT OF THE RECOMMENDATIONS OF THE ECONOMIC POLICY COMMITTEE

Whereas a part of the report of the economic policy committee of the United States Building and Loan League is as follows:

"LEGISLATION BY REGULATION

"Trustee savings institutions are more and more governed by public laws, and properly so. Your committee feels that careful, conscientious, and efficient supervision of building and loan associations is highly desirable. At the same time it is important for the economic stability of the Nation that supervision be consistent, well considered, and not dependent upon the whim of individuals whose positions may change from time to time. Your committee, therefore, deprecates the tendency to establish supervision of trustee institutions by the method of sketching only the boundaries of that supervision in the statute law and conferring that statute almost unlimited powers upon administrators so that supervision becomes a matter of rule and regulation rather than of law. Your committee, therefore, urges that governmental activities affecting trustee institutions be more detailed as a part of the statute rather than made dependent upon the rule and regulation of individual administrators." Therefore be it

Resolved, That the United States Building and Loan League especially endorses this part of the report of the economic policy committee.

LOANS LIMITED TO COMMUNITIES HAVING SANITARY CODES

Resolved, That the imperative need is reemployment. Reemployment can be best brought about through the building industry. More than 4,000,000 insanitary and worthless houses are occupied by tenants. These insanitary houses are a constant source and breeder of disease and crime; landlords should not be permitted to rent out such premises. Under the police power, use of these premises can be prohibited. This would necessitate construction of 4,000,000 sanitary houses to replace these 4,000,000 worthless premises; such construction would employ the mechanics and artisans, would start the sawmills, brick kilns, nail factories, glass factories, and the threescore other industries that are necessary to the production of building materials, and would again employ the transportation lines and universal employment result therefrom: Therefore be it

Resolved, That we favor a rule to be adopted by the H. O. L. C. and the Housing Administration and the Housing Insurance Department that hereafter loans will only be made in communities protected by sanitary code prohibiting the use of such insanitary houses.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Arkansas [Mr. ROBINSON] to the amendment reported by the committee.

Mr. ROBINSON. I suggest that the Secretary state the amendment.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. In the committee amendment, at the end of section 8, on page 22, it is proposed to insert the following:

That section 4 (d) of the Home Owners' Loan Act of 1933, as amended, be amended by adding: "Provided, That for the purposes of this act, levies of assessments upon real property, made by any special district organized in any State for public improvements, shall be treated as general-tax levies are treated, and the lien created by such improvement districts upon the real property within said district, to secure the payment of such improvement-district levies shall be considered as attaching to such real property at the time fixed by such improvement district for the payment of such levies and assessments and not before; and, for the purposes of this act, the lien of any mortgage placed upon any such real property by the owner thereof shall be considered a prior lien with reference to such improvement-district lien securing the payment of all said improvement-district assessments not due at the time the said owner executes such mortgage. The reasonableness of the total annual burden of taxes and assessments of all kinds upon any property offered as security for the payment of a loan made by the Corporation and the effect of such total levies upon the loanable value of such property are matters for the determination of the Home Owners' Loan Corporation Board, but no deduction shall be made from the loanable value of any property for improvement-district assessments or levies not due at the time of making such loan in any instance where the total annual taxes and assessments borne by the said property for all purposes does not exceed a sum which, in the discretion of the Board, is a reasonable annual tax burden for such property: *Provided*, That in arriving at the loanable value, in no instance shall any deductions be made on account of such improvement-district liens, taxes, and/or assessments not due at the time of making the loan where the aggregate amount of annual taxes, levies, and assessments of all kinds and for all purposes upon the property offered for security does not exceed a sum equal to 5 percent of the value of such property as fixed by the Home Owners' Loan Corporation appraisement."

Mr. ROBINSON. Mr. President, I should like the attention of the Senate while an explanation of this amendment is made.

Briefly, it proposes to amend provisions of the Home Owners' Loan Act of 1933, as amended. It defines first liens on real estate where there are improvement-district taxes. It leaves the reasonableness of tax and assessment burdens to the Corporation Board and prevents deductions of improvement-district assessments not yet due from the loanable burden of the taxes if the annual tax burden, including such assessments, does not exceed 5 percent of the Corporation's appraisal of the property.

It is among the objects of the amendment to prevent discriminations in the making of loans against properties located in special-improvement districts.

In some of the States the cost of financing public improvements is added to the general taxes. Before concluding I shall submit for the Record a statement relating to this feature of the subject.

In other States, particularly in my own State, such costs are charged against the property in the various districts. The Home Owners' Loan Corporation, under the act and the regulations promulgated, does not take notice of the general taxes not yet due, even though the costs of improvements have been added thereto. The practice has been to deduct the total assessments for benefits, where there are districts for improvements, from the loanable value of the property, with the result, in my opinion, that in many applications for loans it is impossible to effectuate the purposes of the act. It should be remembered that in the cases I have in mind the deduction is not for the amount actually to be paid by the home owner, but it is for the total assessment of benefits not yet due. These assessments for benefits in many cases—and, I think it may be said, usually—greatly exceed the actual payments which are to be made. This constitutes a discrimination.

If an appraisal, for instance, amounts to \$3,000 and the total assessed benefits aggregate \$2,400, the loanable value generally is fixed at \$2,400, and from this must be deducted all the assessments for benefits not yet due. In many cases the benefits were assessed at three times the costs of the improvements. In other words, the total payments through the years will amount to only about one-third of the assessments for benefits.

The practice of making the assessment for benefits high was to show increased value of the bonds and to make them more available. The bondholders would appear to have more security and better bonds. The home owner, in the case I have cited, is required, for instance, to pay \$800 to retire the debt and release the lien. He may have paid half that amount, or \$400, at the time he applies for the loan. At this time, and under present regulations, the corporation deducts \$2,000 from the loanable value of \$2,400 and offers to lend the very small amount of \$400. From that amount deductions must be made for repairs. This puts the special-improvement districts or the property within them in an impossible or impracticable situation as compared with the States and localities in which the costs of special improvements are added to the general tax, no deduction being made for general taxes under the practice which prevails.

Early in the present year I introduced a bill identical, I believe, in terms with the pending amendment and had it referred to the Committee on Banking and Currency. The Board recognized the necessity for some change either in the law or in the regulation and indicated then—I think it was February 14—the purpose of adopting new regulations respecting the subject. However, nothing in that behalf was done until an amendment was presented to the pending bill and under consideration. On the day before the testimony on behalf of the Board was submitted to the subcommittee, of which the able Senator from Ohio [Mr. BULKLEY] is chairman, it was announced that an amendment to the regulations had been adopted which it was thought by the Board would overcome the difficulty with which my amendment deals. That regulation provides that where the property in question is located in a road improvement district and the outstanding improvement bonds of such district have been or will be refunded or underwritten by the State of Arkansas, then the above requirements, meaning the requirements

as to total benefits assessed against the property for the improvements, shall not apply with respect to the deduction of road improvement assessments in such a district.

There is a second paragraph in the regulation as follows:

Where the property is located in other improvement district or districts, the amount to be deducted from the loanable value of the particular property shall not be required to be for the whole of said improvement assessment, but only for the balance which would be due on the particular property if the assessment had been made on the basis of a proper proportion of the total bond issue instead of the amount of the total assessment.

The regulation was adopted by the Board just the day before the matter was presented by the able attorney for the Board to the subcommittee having jurisdiction of the bill now before us. The object, of course, was to avoid the incorporation of the amendment which I had presented. The regulation does relieve to some extent the difficulty, but it does not go far enough in the view of those who are most familiar with the situation with which we are dealing.

If it is necessary to make clearer the way in which the matter has been handled, let me state that it has been the construction of the act of 1933 that these assessments, whatever their amounts, constitute first liens on the property, and that it is necessary to deduct their total amount in order to make sure that the lien shall be discharged. The assessments extend over a long period of years. In every case that is true. As already stated, it is apparent that the assessments are frequently many times the amount of the tax which is expected to be paid.

In the States where the levies for special improvements are added to the general taxes, no deductions whatever are made either for the general tax or for the special improvement tax which is embraced in the general tax, whatever it may be, and in most of the States, as shown by the record which I shall present, the actual taxes to be paid where the loans are made are very much higher than in the State of Arkansas.

The State administrator has taken the view that the law requires the deduction of the total assessments for benefits. I have shown, I believe, by the illustration I gave—and it is easily demonstrable from the record—that the effect of the holding has been to prevent loans in many cases where they should and could be made without great risk, because the assessments for benefits are very high and frequently amount to almost as much as the appraised value of the property, so that the owner is unable to obtain a loan.

In a letter which the chairman of the Board, Mr. Fahey, wrote to the Committee on Banking and Currency respecting the bill which was referred to a few moments ago in my remarks, which is substantially the same as if not identical with the pending amendment, an illustration was given, which, in the opinion of those who are most familiar with this subject and in my opinion, is not a fair illustration. It appears to be overdrawn and misleading. In my judgment, no practical appraiser would fix a value of \$8,000 on a \$2,000 house with total assessed benefits of \$4,000, as the letter referred to contemplated.

The object of this amendment is not to require the Board or the Corporation to accept loans involving great risk, but it is to permit and to enable them to make loans which are sound and adequately secured; and this it is doubtful whether they can do without the amendment to the statute which is proposed.

The question arises first as to whether the Board has the power to adopt and enforce the regulation which it promulgated the day before this question arose in the subcommittee having charge of the bill. The previous construction seems to have been that the Board did not have that power. At least the State administrator—acting, I concede, in entire good faith, and in the belief that he was carrying out the law—held that he was required by the statute to deduct, or to see that there is deducted, the entire amount of the assessed benefits, even though the greater portion of them is never to be paid, and even though none of those benefits is due. If this amendment shall be agreed to, it will afford an opportunity to have the matter fully considered. It will afford an opportunity further to take advice on the question

as to whether the regulation to which I have several times referred in my remarks is within the authority of existing law.

Mark you, I do not take the position that the regulation is without authority. I am inclined to the belief that the Board has the power to make the regulation; but what I do not understand is that throughout the period which has elapsed since the passage of the act no such regulation has been made, although it is well known that many loans have not been granted for the simple reason that to deduct from the loanable value of the property offered as security the full amount of the assessed benefits not due—benefits the greater portion of which will never be paid—reduces the loanable value to so small an amount that the holder of existing securities refuses to accept that amount, forecloses his loan, and the home owner is turned out of his property. This has happened in numerous cases, and, in my judgment, it will continue to happen in the future even though the regulation mentioned should be sustained and carried out.

Mr. McNARY. Mr. President—

Mr. ROBINSON. I yield to the Senator from Oregon.

Mr. McNARY. I am not conversant with the amendment. It seems to be very comprehensive in nature. I am curious to know whether the Senator presented this matter to the Banking and Currency Committee when it was studying the bill now before the Senate.

Mr. ROBINSON. The matter was presented to the committee. A brief was filed there. It was thought by some that the regulation I have read, and which was adopted by the Board just the day before the subject came up in the committee, would cure the difficulty. I do not think it does so. I admit that it would be helpful if the regulation is within the law; but, as I see it, first, it is desirable to make clear that the statute does not forbid the Board to deal with the subject in any proper way that it chooses to do so; and, second, that it relieves the problem from the difficulty which prevents the making of loans in numerous cases where they are justified because of the deductions from the loanable value which frequently almost equals the value of the property.

Mr. McNARY. Did the committee, while studying the measure which is now the unfinished business, consider the proposal which the Senator is now advocating; and if so, what action did it take?

Mr. ROBINSON. The committee did not incorporate the amendment in the bill. I think the committee would be content to have the amendment included in the bill, with a view to making such further study of the subject as occasion requires and permits.

Mr. McNARY. Is the Senator presenting this proposal at the suggestion of the Home Loan Board?

Mr. ROBINSON. No; I do not present it as a suggestion of the Home Loan Board. For 2 years, as I have tried to make plain, this matter has been taken up with the Home Loan Board from time to time, and it is my understanding that they are in sympathy with a reform on the subject, but at first there was the thought, and probably that thought is entertained now by some, that under the existing statute it is doubtful whether it can be done; but, now that the regulation has been adopted, I have raised the question first as to the power to adopt the regulation, and second as to its adequacy. I do not think it goes far enough, and I am therefore asking that the amendment be incorporated in the bill and considered by the conferees.

I ask to have printed in the RECORD a brief on this subject which discusses it somewhat fully, which contains the memorandum of figures taken from the report of the Detroit Bureau of Governmental Research. This report shows, for instance, that in Cambridge, Mass., where there is a population of 125,800, the city tax is 23.20 mills on the basis of the assessment that is required by their law. In comparison with that, in Little Rock, Ark., where there is a population of about 80,000, the city tax proper is 7.42 mills, or about one-third of the amount of the city tax in Cambridge; and the city tax per thousand in Little Rock is \$3.71, whereas in Cambridge the city tax is \$23.20. These figures are cited to show that

in many cases where the special-improvement tax is added to the general tax the net result is a higher levy than exists in the State of Arkansas. I believe the amendment is amply safeguarded.

Let me say, too, in this connection that it is realized that in the enforcement of the act and of the amendment, liberal authority must be granted to the Board. There is no effort to take away from the Board the right to determine when the general tax is so great that there must be a deduction from the amount of the loanable value; but it is insisted that inasmuch as the general tax, including special-improvement taxes, is not deducted from the loanable value, the special assessment should not be deducted from the loanable value unless it appears to the Board that the amount of taxes on the property is so great as to reduce the value of the security.

In some cases relating to these improvement districts the taxes do not mature for many years. In numerous cases the period of maturity is 20 years; and yet the whole amount of the assessment—mark you, not the amount of the tax, for that is the proposition in the second paragraph of the regulation recently adopted by the Board, but the whole amount of the assessment for benefits—is deducted from the loanable value; and I have several times stated that that prevents the making of loans in cases where the loans are perfectly good and well secured.

I am entirely content to submit the matter. I trust that the chairman of the subcommittee having charge of the bill will see fit to let it go to conference.

Mr. BACHMAN and Mr. BULKLEY addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Arkansas yield; and if so, to whom?

Mr. ROBINSON. I yield first to the Senator from Tennessee.

Mr. BACHMAN. Mr. President, assuming that the Board has the authority to enforce the regulation, it would not reach the difficulties that exist in the equalization of the different sections, would it?

Mr. ROBINSON. No; they would reach them only to a partial degree. They recognize, in this regulation, the injustice—

Mr. BACHMAN. And the inequality.

Mr. ROBINSON. And the inequality that results from deducting the entire amount of the assessments for benefits; but they propose in this regulation to deduct the entire amount of tax, even though it may not be due, even though no portion of it may be due; and therein lies the discrimination which I have mentioned.

Mr. BULKLEY. Mr. President—

Mr. ROBINSON. I yield to the Senator from Ohio.

Mr. BULKLEY. Mr. President, I desire to inquire of the Senator about the language commencing in line 4, page 2. It reads:

The lien of any mortgage placed upon any such real property by the owner thereof shall be considered a prior lien with reference to such improvement-district lien securing the payment of all said improvement-district assessments not due at the time the said owner executes such mortgage.

I would like to make sure about the meaning of that. Am I to understand that if an assessment has been placed against the property, with the payments due over a series of years, and subsequent to that assessment a mortgage is given to the Home Owners' Loan Corporation, this language would presume to give the Home Owners' Loan Corporation a prior lien as against those assessments?

Mr. ROBINSON. Certainly, and it is perfectly fair to do that for this reason. We know that all property upon which loans are taken by the Home Owners' Loan Corporation is subject to general taxes. The lien as to a general tax does not attach until the tax becomes due. This simply provides that so long as there is no special improvement tax due on the property, there is no lien. The lien of the Home Owners' Loan Corporation is prior to a lien which may be fixed 10 years hence by reason of a special improvement tax becoming due and being unpaid. It is for the protection of the Home Owners' Loan Corporation.

Mr. BULKLEY. If an assessment had been made against property and a mortgage then given to the Home Owners'

Loan Corporation, and if we assume that the Home Owners' Loan Corporation were obliged to foreclose the mortgage before all the payments of the assessment were due, does the Senator think the property could be sold clear of the assessments and without the obligation of the assessments?

Mr. ROBINSON. Mr. President, that is a difficult question. The sale of the property would be subject to any lien which existed upon it, of course.

Mr. BULKLEY. Then, in effect, the Home Owners' Loan Corporation does not get a first lien ahead of the assessments.

Mr. ROBINSON. That depends on the statutes. I see the force of the Senator's suggestion. I think it is within the power of the Congress to say that improvement district taxes not yet due shall be governed by the same rule as that with respect to general taxes. When a loan is taken on property by the Home Owners' Loan Corporation, it may be known that within a month or two the taxes for the next year will become due, but the lien of the Corporation is, in law, prior to the lien for the taxes, because the lien for the taxes has not yet attached. The proposed legislation is believed to be within the power of the Congress, but I concede that the language may be improved.

Mr. BULKLEY. Of course, it is perfectly competent for the Congress to direct the Home Owners' Loan Corporation to value property on the assumption that they have a first lien, but unless the Senator goes so far as to say that on foreclosure the property can be sold free of those liens, it is absolutely of no effect to say that the Home Owners' Loan Corporation has a first lien.

Mr. ROBINSON. Yes; the Senator is correct. That brings us back to a consideration of the original proposition, that the whole of the assessments are deducted from the loanable value of the property, even though they may never be paid, even though they may never become due. That is not done with respect to general taxes. I hope the Senator will consent to the incorporation of the amendment.

Mr. FRAZIER. Mr. President, will the Senator yield to me?

Mr. ROBINSON. Certainly.

Mr. FRAZIER. I wish to ask the Senator whether he is familiar with the regulation in the matter of loans on real estate by the land banks, how the special tax question is handled in such cases.

Mr. ROBINSON. Yes; and I have introduced a bill on that subject. I think a very similar process to that employed by the Home Owners' Loan Corporation is followed by the land banks, but the result is that those who most need loans are unable to get them even though the loans may be perfectly good.

Mr. FRAZIER. I think that is exactly the case.

Mr. ROBINSON. That question, however, is not involved in this matter.

Mr. FRAZIER. I understand that.

Mr. BARKLEY. Mr. President, will the Senator yield to me?

Mr. ROBINSON. I yield.

Mr. BARKLEY. To what extent would the property which is eligible for loans under the Home Owners' Loan Corporation Act, that is, dwelling houses in cities and towns, be affected by these improvement districts, which primarily are organized for the purpose of improving rural property?

Mr. ROBINSON. The Senator has a misconception. Many improvement districts are exclusively within cities and towns. They are organized for the purpose of carrying out various improvements, which are presumed to add to the value of the property.

Mr. BARKLEY. Such as sewers.

Mr. ROBINSON. Sewers, paving, streets, sidewalks, and many other public works.

Mr. BARKLEY. They do not relate, then, to drainage districts at all in any respect?

Mr. ROBINSON. Drainage districts usually do not exist in cities and towns. There may be conceivable cases where there ought to be some.

Mr. BARKLEY. Property in villages which would be eligible for loans under the Home Owners' Loan Corporation Act might be affected.

Mr. ROBINSON. Yes. Of course, the amendment relates to all special improvement district taxes. A distinction is made, however, in certain improvement districts, as I read in the regulation referred to a few moments ago.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. ROBINSON. Certainly.

Mr. COUZENS. Would the amendment put the Home Owners' Loan Corporation in a less favorable position than that occupied by a private lender?

Mr. ROBINSON. No; it would not.

Mr. COUZENS. Would the private lender have the same restrictions imposed on him that are proposed in the amendment to be imposed on the Home Owners' Loan Corporation?

Mr. ROBINSON. As I understand, restrictions cannot be imposed by act of Congress on private lending. Private lenders can determine their own terms and conditions. So far as I am advised, I do not know of any way in which a strictly private loan can be limited by action of the Congress.

Mr. BULKLEY. If the private lender may fix his own appraisal, and we restrict the Home Owners' Loan Corporation as to what they may do in appraising, then obviously they are worse off than the private lender.

Mr. ROBINSON. Of course, State laws may restrict private lenders, but I apprehend that the object of the Home Owners' Loan Corporation is not to deny to private lenders the right to make loans, if they wish to do so, but the operations of the Home Owners' Loan Corporation are for the purpose of supplying funds for home owners in distress on terms and conditions which are reasonably sound and safe.

Mr. BARKLEY. Mr. President, will the Senator yield again?

Mr. ROBINSON. Certainly.

Mr. BARKLEY. The amendment is somewhat complicated and not easily understood.

Mr. ROBINSON. I thought that at first of the regulation which the Board has adopted; but, when I studied it, I saw that it was easily understood, and I think the amendment is not difficult to understand.

Mr. BARKLEY. It was not discussed, as I recall it, in the subcommittee or in the full committee and was not given any consideration, although it was offered.

Mr. ROBINSON. That is true.

Mr. BARKLEY. So that, so far as I am concerned, it is an entirely new proposal. I find difficulty in clearing up in my own mind whether the Home Owners' Loan Corporation really would have a first lien on the property. Let us take, for instance, a street improvement, where under the laws of the State the legal subdivision has a lien against the property for the cost of the improvement, just as in the case of other taxes, and the property may be sold under certain circumstances. If that lien attached to the property prior to the making of a loan or the recording of a mortgage which is to be the subject of refinancing under the Home Owners' Loan Corporation Act, what effect would the Senator's amendment have upon the subsequent transactions by the Home Owners' Loan Corporation in refinancing the private loan which a building and loan association or any other lending agency might make?

Mr. ROBINSON. Mr. President, the lien does not attach in a legal sense until there arises some default. In other words, it is perfectly competent for the Senate and for the Congress to treat special improvement taxes just as they treat general taxes. Of course, when general taxes mature and are unpaid, a lien attaches, but it is subject to prior existing liens. What is actually occurring now is to discriminate against the owners of property within improvement districts by making them pay assessments for benefits the larger part of which they will never have to pay, and by making them pay taxes which are not yet due and concerning which there may never be anything due.

Mr. BULKLEY. The potential lien attaches just the same, just as it is always possible that a man will not pay his annual taxes, and if he is in default, there is a lien which the law creates on the property.

Mr. ROBINSON. Yes; but in making these loans, no account is taken of the annual taxes. It may be said that we take that chance; that the owner may not pay his taxes; and that is true. But the reasonable amount likely to be required to be paid in the years during which the loan will run is not ascertained and deducted. In those States where the cost of the improvement is added to the general tax, nothing is deducted. The owners of property are given the full benefit of the appraised value.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. ROBINSON. I yield.

Mr. BARKLEY. What is the effect of the provision in the Senator's amendment as to the 5-percent limitation?

Mr. ROBINSON. The effect of that is to fix an arbitrary rule for the guidance of the Home Owners' Loan Corporation Board in determining when the general burden of taxes is too high. The proposed amendment goes a long way toward recognizing the fact that taxes may be so great, adding general to special improvement taxes, that the Board is obliged to take that fact into consideration, and the rule which is fixed for its guidance is that where the total amount of the tax does not exceed 5 percent it shall not make a deduction.

After all, it is within the discretion of the Board, and the object of that provision is to assist the Board. It is true that some information will be required which ordinarily would not be required, but the borrower can be required by the Board to furnish a certificate showing, for instance, that the total amount of the taxes which will mature will not exceed 5 percent, in which event the Board would make no deduction. If it appeared that the general and special tax aggregated more than that, the Board would make a deduction.

I submit the amendment.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. ROBINSON. I yield.

Mr. FLETCHER. Ordinarily where a mortgage is made and the mortgagor does not pay his tax, the mortgagee has the right to pay the tax and add it to his principal.

Mr. ROBINSON. Yes.

Mr. FLETCHER. And I assume that would obtain under the provision proposed by the Senator from Arkansas.

Mr. ROBINSON. Yes; it would obtain.

Mr. FLETCHER. Suppose the district tax should be defaulted.

Mr. ROBINSON. Then the situation would be the same as in the case of the general tax. If the Home Owners' Loan Corporation should make a loan in Cambridge, Mass., where the general tax rate is 23.20 mills per dollar and there is a default in the payment of tax, in order to protect its security the Corporation would have to pay the tax, just as it would in Little Rock, where the general tax is only 7.42 mills, or in the Massachusetts case which I cited—and I do not cite this in criticism of Cambridge, of course—in the Cambridge case the city tax on the thousand would be \$23.20, whereas in Little Rock the city tax would be \$3.71. Of course, if the property in Little Rock were located in an improvement district, that improvement tax would have to be added to the \$3.71, but in the Cambridge case, as I understand it, all taxes are comprehended in the figure of \$23.20 per thousand.

Mr. LOGAN. Mr. President, will the Senator yield?

Mr. ROBINSON. I yield to the Senator from Kentucky.

Mr. LOGAN. I wish to ask the Senator what effect his amendment would have on the plan we follow in Kentucky, which, perhaps, is followed in some other State. Street-improvement taxes, for instance, are levied on the 10-year plan. The tax is due when the council or the board, or whatever the city authority may be, accepts the work; but the taxpayer does not have to pay the tax except within a 10-year period in installments.

Mr. ROBINSON. It is my understanding that in such case, where the tax is not due, the deduction would not be made. If the tax is due, it would have to be made.

Mr. LOGAN. Suppose the State has a law providing that the lien shall attach when the work is accepted. Would the Senator's amendment conflict with the State law on that subject, and does the Senator think this amendment, if enacted, would be controlling?

Mr. ROBINSON. I think the Board would have the authority under this amendment to make deductions for the tax which is due.

Mr. LOGAN. The purpose of the latter part of the amendment is to enable the Board to take that matter into consideration?

Mr. ROBINSON. Yes.

Mr. LOGAN. And it would do no one any harm?

Mr. ROBINSON. No; it would do no one any harm. Of course, as a general proposition, we would have to have in mind that a good loan was being made. We would have to have in mind that we were not taking any undue risk in making the loan.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. ROBINSON. I yield.

Mr. BARKLEY. As to improvement assessments mentioned by my colleague, which are payable in 10 years, usually on an annual installment basis, of course, the Board could deduct any installment due and unpaid at the time the loan is made.

Mr. ROBINSON. Certainly.

Mr. BARKLEY. But after that, so long as the loan continues, in the next year after the loan is made and the rights of the Home Owners' Loan Corporation attach, what would be the result if any unpaid installment were defaulted and not paid at all by the owner?

Mr. ROBINSON. As a practical proposition, the Home Owners' Loan Corporation would probably pay as it would general taxes.

Mr. DIETERICH. Mr. President, will the Senator yield?

Mr. ROBINSON. I yield to the Senator from Illinois.

Mr. DIETERICH. I should like to ask the views of the Senator from Arkansas on the situation I shall state.

A special assessment is levied against a property for local improvements. Of course, that assessment is levied on the theory that the local improvement increases the value of the property. The amount of the levy is assessed, but the payments are postponed under the installment plan. In the meantime, a loan is procured from the Home Owners' Loan Corporation. Default is made on that loan, and a foreclosure takes place before the special assessments are due. Does the Senator maintain that the purchaser of the property at the foreclosure sale acquires title which is not subject to the lien of the special assessment?

Mr. ROBINSON. I think if subsequently to his acquisition of title an assessment became due and was unpaid, he probably would have to meet it.

Mr. DIETERICH. But the Senator says in his amendment "due and unpaid." Those are two things. I refer to an assessment which is spread over a period of years. Of course, payment of the assessment is postponed by the installment process.

Mr. ROBINSON. Yes. In the State of Arkansas, for instance, there is a statute which provides that the grantee shall assume the payment of improvement-district taxes which are not due. If there are any taxes which are due at the time of the grant the seller would be compelled to pay them. But taxes which become due afterward I think would be paid by the grantee.

Mr. DIETERICH. Will the Senator from Arkansas further yield to me?

Mr. ROBINSON. I yield.

Mr. DIETERICH. The situation in Illinois is that perhaps in every city of any importance where paving or construction of sewers is needed, such construction is provided by special assessments. Payment of those assessments is postponed by the installment method, and bonds are issued against the installments. Our law makes such assessments a special lien on the property, and the purchaser of the

bonds takes them with the understanding that the law does give him a special lien by reason of the fact that the improvement has injected a value which was not there before. Will the effect of the Senator's amendment be to take away the property rights of the holder of the bonds?

Mr. ROBINSON. No, Mr. President. As I have just stated, the grantee in that case probably would be compelled to pay the tax; not the assessment, but the tax. There is a distinction between the assessment for benefits, and the tax. I have already pointed that out.

Mr. DIETERICH. Will the Senator yield further?

Mr. ROBINSON. I yield.

Mr. DIETERICH. My concern is that probably every bank in the State of Illinois is carrying bonds of the improvement district within its town or city. Of course, I should not want to do anything which would impair their obligations.

Mr. ROBINSON. No. I do not think this amendment would impair any obligation.

Mr. POPE. Mr. President, will the Senator yield?

Mr. ROBINSON. I yield.

Mr. POPE. Referring to line 6, on page 2, where the language "prior lien" is used, does that mean that liens of all special-assessment districts, drainage districts, irrigation districts, and the like, would be subject to the lien of the mortgage, and in case of foreclosure the lienors would be joined as parties defendants and their rights cut off as being subject to the prior mortgage? Is that not the meaning of a prior lien?

Mr. ROBINSON. A prior lien, of course, gives precedence or priority to the lien referred to.

Mr. POPE. Yes; and in the case of a foreclosure, all subsequent lienors who are made proper parties defendant would be foreclosed.

Mr. ROBINSON. No; I do not think they would be foreclosed. Unless the improvement tax is due there could be no foreclosure. I think the effect would be to give the Home Owners' Loan Corporation a first lien in cases where there is no tax due.

Mr. POPE. What does "first lien" mean? Does it not mean that it is prior to and would cut off all subsequent liens in the event of foreclosure?

Mr. ROBINSON. No; I do not think it cuts off anyone's lien, but where there is nothing due, nothing matured, it would give the Corporation the right to make a loan, to hold a first lien on the property. I am entirely content that the amendment shall go to conference for such consideration as the conferees may believe it merits.

Mr. BULKLEY. Mr. President—

The PRESIDENT pro tempore. Before the Senator from Ohio takes the floor, the Chair asks the Senator from Arkansas whether he desires to have the brief and letter to which he referred included in his speech.

Mr. ROBINSON. Yes, Mr. President; I wish to have the brief, the table of figures taken from the report of the Detroit Bureau of Governmental Research respecting taxes, and also the letter from Mr. Fahey which I have mentioned incorporated in the RECORD as a part of my remarks.

The PRESIDENT pro tempore. Without objection, the brief, table, and letter will be printed in the RECORD, as requested.

The matter referred to is as follows:

BRIEF IN SUPPORT OF S. 1165, BY MR. ROBINSON

HON. DUNCAN U. FLETCHER,
Chairman of the Committee on Banking and Currency,
United States Senate, Washington, D. C.

DEAR MR. CHAIRMAN: With your permission, the following brief in support of S. 1165, by Mr. ROBINSON, is respectfully submitted for consideration by your committee.

S. 1165 is entitled "A bill to prevent discrimination against certain distressed home owners on account of the different methods that have been employed in the various States for financing public improvements, to avoid penalizing worthy properties in special-improvement districts, and for other purposes."

Stated briefly, it amends section 4 (d) of the Home Owners' Loan Act of 1933, as amended. It defines, for purposes of the act, first liens on real estate where there are improvement-district assessments. It leaves the reasonableness of tax and assessment

burdens to Home Owners' Loan Corporation Board, and prevents deduction of improvement-district assessments not yet due from the loanable value of the property if the entire annual tax burden, including such assessments, does not exceed 5 percent of the Corporation's appraisal of the property. It prevents discrimination against properties in special-improvement districts.

Home Owners' Loan Act of 1933, as amended, proposes to prevent differences in treatment, and expressly provides that no home mortgage shall be discriminated against by reason of its being in a taxing district which is in default. However, there are other discriminations that are not provided for. The purpose of S. 1165 is to take care of a most serious one.

Some States add the cost of financing public improvements to the general tax; others assess such cost against the property in a given improvement district. The Home Owners' Loan Corporation, under the act and the regulations promulgated by it, takes no notice of the general tax not yet due, although the cost of improvements has been added thereto; but it deducts the total assessment of benefits, where there are districts for improvements, from the loanable value of the property. The deduction is not for the amount actually to be paid by the home owner over a period of years but for the total assessment of benefits not yet due, which assessments may, and usually do, greatly exceed actual payments. Clearly, this constitutes a discrimination.

To emphasize the distinction, there is attached hereto as exhibit 1 a comparative statement showing the low property-tax rate in Little Rock, Ark., where the cost of public improvements is not included, and the much higher rates in other cities where the cost of such improvements is added to the property tax. The Little Rock rate prevails in other Arkansas cities.

Hundreds of cases on meritorious applications could be presented to show a distressing situation under present procedure. We give a concrete example:

If an appraisal amounts to \$3,000 and the total assessed benefits amount to \$2,400, the Corporation fixes as loanable value of \$2,400, from which must now be deducted all assessments of benefits not yet due. In many instances the benefits were assessed at three times the cost of improvements. In other words, the total payments through the years will amount only to about one-third of the total assessment of benefits. This practice of the past in making such assessments high was to show a greater value behind the bonds and make them more salable. The bondholders would appear to have more security and better bonds. The home owner is required to pay only \$800 to retire the debt and release the lien. He may have paid half the amount, or \$400, at the time he applied for the loan. At this time and under present regulations the Corporation deducts \$2,000 from the loanable value of \$2,400 and offers to lend only \$400, from which must also be deducted repairs, and so forth. The mortgagee, with an indebtedness of \$1,000, knowing his security is good, refuses to scale his debt to the ridiculously low amount and accept less than \$400 for it. He forecloses and the owner loses his home. Although home owner must pay improvement district assessments amounting only to \$400 over a period of years, and not exceeding \$40 or \$50 annually, the Corporation has deducted \$2,000 from his loanable value on that account.

The above illustration is not an isolated case. It is the general situation. With long-term bonds and with assessments of benefits trebled in many cases over costs of improvement, one may readily see the situation when assessments of benefits not yet due are deducted from the loanable value.

We carry the above illustration further. The general property tax in Arkansas averages about 40 mills on the dollar of assessed valuation. The property assessment for taxation does not exceed 30 percent of the actual value. The property tax on a \$3,000 home would be about \$36 annually. If S. 1165 is enacted into law no deductions would be made from the loanable value unless taxes annually paid in improvement districts amount to more than \$114. In other words, the owner could have an annual tax liability of \$150 without any deductions being made from his loanable value on that account. If more than that amount, deductions would be made, because the tax burden would be too heavy. This procedure would put States with special improvement districts more nearly on a parity with States that add the cost of public improvements to the general tax.

It will be readily seen that the matter needs immediate and special attention by referring to the letter of Chairman Fahey, of Home Owners' Loan Corporation, dated February 14, 1935, and addressed to your chairman. Mr. Fahey was writing about S. 1165, and a copy of his letter is hereto attached as exhibit 2. The following extracts are taken from it:

"In our opinion, this may properly be reached by the Corporation by regulation . . . this matter will be given further special attention. . . . As stated above, we believe we can handle this situation by regulations. . . ."

Chairman Fahey undoubtedly recognized the seriousness of the situation and proposed to correct it by regulations. Although he expressed a belief on February 14, 1935, that he could do so, it undoubtedly has occurred that perhaps a rule to take care of the situation will conflict with the Home Owners' Loan Act. That presumption undoubtedly is correct, for no regulations have yet been published. Long before S. 1165 was introduced by Senator ROBINSON, relief by regulations had been frequently promised. The serious conditions remains unchanged 6 weeks after Mr. Fahey wrote to you, and makes imperative the passage of this bill to prevent penalizing worthy properties.

As evidence of how the matter is handled in this State to the disadvantage of the home owner, and as conclusive proof that it has not been cared for by regulation as promised we quote from a letter written by Mr. R. F. Milwee, State manager of Home Owners' Loan Corporation for Arkansas, under date of March 13, 1935, as follows:

"The Home Owners' Loan Act requires that loans of the Corporation be secured by first liens upon the properties offered. As pledges of the benefits in improvement districts create liens upon the properties in the district, therefore, in all cases where the homes of owners who are applying for loans through this Corporation are located within such improvement districts, all unpaid amounts of pledges of assessed benefits will, as a matter of course, be deducted from the loanable value of the property."

The letter of Mr. Milwee was written a month after Mr. Fahey wrote, and is attached as exhibit 3.

Two of the exhibits (nos. 2 and 3) show a clear-cut issue. Mr. Fahey's letter is a theoretical suggestion of how the situation may be corrected at some future date through regulations. Mr. Milwee, as the supreme authority of the Home Owners' Loan Corporation in Arkansas, says the act prevents relief and that the Corporation will continue to deduct assessments of benefits from the loanable value.

The Arkansas agency has many worthy loans which cannot be closed on account of the legal inhibition. If, as Mr. Fahey says, it is a matter of regulation only, then the distressed home owners in Arkansas have been terribly abused during the past 20 months, because no regulations to remedy the situation have been promulgated, although the matter has been repeatedly called to the attention of the Home Owners' Loan Corporation.

The illustration given by Chairman Fahey in his letter to you is not only overdrawn but is very misleading. No practical appraiser would fix a value of \$8,000 on a \$2,000 house with total assessed benefits of \$4,000 against it. Regardless of formula, he would put what he considered an actual value on it, including improvement district assessments that add to or take from the value. It is his natural course of conduct through years of training and experience before Home Owners' Loan Corporation was even conceived. He can be instructed to add assessed benefits to the value, and may do so for a brief time. But his mental attitude acquired in such matters through the years will cause him to lapse into his accustomed way and deduct everything that would tend to decrease value. He cannot help it. This attitude of the appraiser is based on a custom in Arkansas for a long period of years, backed up by the statutes of the State, which provide that taxes and assessments of any improvement district of any kind shall run with the land and be assumed by the grantee (sec. 1495, Crawford & Moses' Digest of the Statutes of Arkansas).

The appraiser fixes the actual value and takes into consideration the heavy assessments, since he sees and makes inquiry about the improvements. He may decide the property is practically worthless because of the heavy assessments. His appraisal is filed. The total assessments are again deducted. Such action destroys the purpose of the act in many cases; is wholly unfair and disastrous.

But conceding Mr. Fahey's illustration, which, at least, is most unusual, the Corporation, under the Robinson bill, could, and probably would, find that the annual payments on assessed benefits plus the general property tax exceed 5 percent of the appraised value and make necessary deductions.

There is no difference in practical application between general property taxes and annual payments on special assessments. There should be no difference so far as the Corporation is concerned. The object of the Corporation is to save homes and in doing so to secure a valid lien on the property that may not be jeopardized through heavy tax loading.

The largest and most prudent money lenders in the United States, including many nationally known life-insurance companies, have made loans in this State without deducting improvement district assessments not yet due. They consider the loans good, and refuse to accept scales of indebtedness made necessary by application of Home Owners' Loan Act and regulations. They choose as a business proposition to foreclose.

If the situation is so serious as to require "special attention", as Mr. Fahey said, and so important as to require handling "by regulations", but not so handled, the Congress should act.

Home Owners' Loan Act of 1933, as amended, contains certain definitions and requirements as to title; principally that each home mortgage "shall be carried as a first lien"; that the term "real estate" as used in the act shall include only "real estate held in fee simple"; that "the term 'home mortgage' means a first mortgage on real estate in fee simple."

The Congress having already defined certain terms in the act, has the right and duty, without question, to extend or limit these and other definitions and provisions, if by so doing the purposes of the law will be made more effectual. It is the one body that can modify provisions of statutes. No regulations of the Corporation can change them. Even though the trouble could be reached by resolution, the Corporation has failed or refused to take such action. The Congress can and should further define terms of the acts to eliminate possible discriminations without affecting the Corporation's lien.

S. 1165, by Mr. Robinson, will solve a serious problem which has not been, and perhaps cannot be, reached by regulation.

We therefore earnestly urge its approval.

Respectfully,

LITTLE ROCK REAL ESTATE BOARD,
By A. L. WOOTEN,
Chairman Legislative Committee.

EXHIBIT 1

Figures taken from report of the Detroit Bureau of Governmental Research

City	Population	City tax, in mills	Legal basis of assessment, percent	City tax per \$1,000
Cambridge, Mass.	125,800	23.20	100	\$23.20
Fall River, Mass.	124,300	21.06	100	21.06
Albany, N. Y.	123,400	21.30	100	21.30
San Diego, Calif.	119,700	22.70	100	22.70
New Bedford, Mass.	119,040	21.17	100	21.17
Duluth, Minn.	116,800	27.81	38	10.57
Lowell, Mass.	111,000	26.97	100	26.97
Tacoma, Wash.	110,500	30.99	100	30.99
Spokane, Wash.	109,100	21.75	50	11.37
Savannah, Ga.	96,900	23.00	100	23.00
Charleston, S. C.	75,900	58.00	42	21.36
Troy, N. Y.	72,300	23.79	100	23.79
Hoboken, N. J.	71,000	36.10	100	36.10
Brockton, Mass.	65,300	22.91	100	22.91
Fresno, Calif.	64,000	23.50	100	23.50
Columbia, S. C.	50,600	33.00	100	33.00
Galveston, Tex.	50,500	23.00	100	23.00
Perth Amboy, N. J.	50,100	22.53	100	22.53
Chelsea, Mass.	49,800	24.19	100	24.19
Stamford, Conn.	43,800	24.84	100	24.84
Poughkeepsie, N. Y.	42,500	29.45	100	29.45
Tulsa, Okla.	170,500	20.50	100	20.50
Memphis, Tenn.	190,200	16.00	100	16.00
Chicago, Ill.	3,157,400	25.00	100	25.00
San Francisco, Calif.	585,300	28.94	100	28.94
Minneapolis, Minn.	455,900	39.70	38	15.08
Seattle, Wash.	383,200	38.57	50	19.78
Portland, Oreg.	340,000	22.05	100	22.05
Oakland, Calif.	274,100	25.50	50	12.75
St. Paul, Minn.	260,000	34.26	38	13.02
Tampa, Fla.	113,200	17.47	100	17.47
Knoxville, Tenn.	105,500	17.00	100	17.00
Chattanooga, Tenn.	73,500	12.00	100	12.00
Roanoke, Va.	64,600	16.67	100	16.67
Topeka, Kans.	62,800	15.04	100	15.04
Macon, Ga.	62,200	13.75	100	13.75
Beaumont, Tex.	56,300	15.00	100	15.00
Little Rock, Ark.	79,200	7.42	50	3.71

EXHIBIT 2

FEBRUARY 14, 1935.

HON. DUNCAN U. FLETCHER,

Chairman Senate Committee on Banking and Currency,
301 Senate Office Building, Washington, D. C.

DEAR SENATOR: I have your letter of January 19 and regret exceedingly the delay in answering it, which delay was due to the extreme pressure of work here.

S. 1771 is a bill which incorporated what this Board believes is proper for the full and proper function of this establishment and the instrumentalities for which this Board and its members are responsible.

S. 1165 would require Home Owners' Loan Corporation to treat special district assessments for public improvements the same as general tax levies and prohibit any specific deduction from the value of the property on account of such special assessments. In our opinion, this matter may properly be reached by the Corporation by regulation. It does not seem to us that legislation is necessary on this subject and this matter will be given further special attention.

I might point out that the enactment of this bill would make it necessary for the appraiser to know the amount of the special-assessment burden against an individual piece of property in order to arrive at a proper appraisal, and such procedure would arrive at substantially the same result as the course pursued by the Corporation where its regulations have been followed. It seems to the board of directors that it is necessary for special-assessment burdens to be considered either in the appraisal of the property or by a deduction from the appraisal if the property is appraised as improved as a result of such special-assessment levies. May I give one illustration of this question? We sometimes find a small house, costing \$2,000 to build, on a block of suburban property around which the city has paved the streets on all sides, making total assessment of \$4,000, which is outstanding and which must be paid by the owner. The property in its improved condition may be appraised for \$8,000, and if one deducts the \$4,000 assessment lien, which is a first lien, the loanable value is \$4,000, 80 percent of which the Corporation may lend, or \$3,200. If the same piece of property is appraised with consideration of the fact of an outstanding first lien for assessments which must be paid, it should properly be appraised at \$4,000, and the Corporation could lend up to \$3,200.

As stated above, we believe we can handle this situation by regulations and that legislation on this subject is unnecessary.

Very truly yours,

(Signed) JOHN H. FAHEY, Chairman.

EXHIBIT 3

(On letterhead of Home Owners' Loan Corporation)

ARKANSAS STATE OFFICE,
Little Rock, Ark., March 15, 1935.

MR. A. L. WOOTEN,

Chairman Legislative Committee,

Little Rock Real Estate Association, Little Rock, Ark.

DEAR MR. WOOTEN: Replying to your inquiry as to what will be the future policy of the Home Owners' Loan Corporation with regard to liens on improvement districts, advise as follows:

The Home Owners' Loan Act requires that loans of the Corporation be secured by first liens upon the properties offered. As pledges of the benefits in improvement districts create liens upon the properties in the district, therefore, in all cases where the homes of owners who are applying for loans through this Corporation are located within such improvement districts, all unpaid amounts of pledges of assessed benefits will, as a matter of course, be deducted from the loanable value of the property.

We are informed that Senator ROBINSON has proposed to Congress an amendment to the Home Owners' Loan Act which, if enacted, would permit the Corporation to consider the pledges of the benefits in improvement districts as arising at the time fixed for the payment of annual assessments and not before. In other words, if the Corporation is permitted to consider the pledges of the benefits in improvement districts as falling due annually as in the case of other taxes, we would not be required to regard such assessments as first liens upon the properties in improvement districts and would not have to deduct same from the loanable value.

Trusting that the above answers the question raised by you, I am,

Yours very truly,

R. F. MILWEE, *State Manager.*

Mr. BULKLEY. Mr. President, the amendment submitted by the Senator from Arkansas was before the Home Owners' Loan subcommittee of the Committee on Banking and Currency. The Senator from Kentucky [Mr. BARKLEY], a valued member of the subcommittee, was diligent in his attendance at the meetings of the subcommittee, but, being also a member of the Committee on Finance, which has had important matters before it, he was not present at all the meetings of the subcommittee. Consequently, he has been misled into making a misstatement about the consideration this amendment received at the hands of the subcommittee. It was, in fact, considered and discussed. Witnesses from the Home Owners' Loan Corporation were questioned about it and its effect in the hearings of the subcommittee. After reasonably careful consideration, the subcommittee rejected the amendment, though it is fair to say that the engagements of the Senator from Arkansas [Mr. ROBINSON] were such that he was unable to come before the subcommittee himself and we did not have the advantage of discussing the matter with him.

The amendment was mentioned briefly but not fully discussed in the full committee, and was also rejected by the full committee.

However, the statement made by the Senator from Arkansas has persuaded me that there is a subject matter involved which is worthy of consideration, though I am frank also to say that he has not persuaded me that the amendment, in its present form, is proper or satisfactory. If it be possible to accept the amendment for the purpose of taking it to conference, and if, notwithstanding the recent discussion on this floor about the duties of conferees, it may be understood that the conferees on the part of the Senate are not to be bound to fight to the last ditch for the amendment, but only to see that it receives fair and honest consideration in conference, I, for one, shall be glad to consent to it, with that understanding.

Mr. ROBINSON. I think I ought to say in that connection that I shall be entirely content if the committee gives the amendment the consideration which it believes its importance requires.

Mr. BULKLEY. With that understanding, Mr. President, so far as I am concerned, I am glad to accept it, but I should like to suggest to the Senator, on the advice of the legislative counsel, that it be inserted in a different place in the bill, namely, on page 24, after line 13.

Mr. ROBINSON. Very well. I have no objection to that.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Arkansas to the amendment reported by the committee.

The amendment to the amendment was agreed to.

Mr. BANKHEAD. Mr. President, I wish now formally to offer the amendment which has heretofore been submitted by me.

The PRESIDENT pro tempore. The amendment submitted by the Senator from Alabama to the amendment reported by the committee will be stated.

The CHIEF CLERK. In the amendment of the committee, at the proper place, it is proposed to insert the following, as a new section:

SEC. —. All work at regional offices, except supervising the making of loans, shall be, within 60 days after the approval of this act, transferred to and performed by the State organizations, and thereafter all work of collecting and servicing loans shall be done by the State organizations.

Mr. BANKHEAD. Mr. President, originally I submitted an amendment to abolish the 11 regional offices of the organization. That amendment went to the subcommittee, which gave it fair consideration, having before it Mr. Fahey, who seems to have impressed the subcommittee with the idea, by reason of certain services now being performed by the regional offices in the matter, primarily, of coordinating the activities of the State organization and supervising in a general way the carrying out of the regulations of the Department in a uniform manner, that for those purposes the present organization is essential.

The subcommittee refused to adopt the amendment, and when the matter came before the full committee, in a spirit of compromise, I submitted the amendment which is now presented to the Senate. The matter was discussed at a meeting of the full committee, at which the majority in attendance were members of the subcommittee who had formerly dealt with the matter, a rather small number of the full committee being in attendance. However, at that meeting the matter was again discussed and the amendment rejected. I then gave notice that I would bring it to the floor of the Senate.

Mr. President, the Home Owners' Loan Organization in its headquarters in Washington placed, through its State organizations, the loans which were authorized and completed under the original authorization prior to the pending bill. Some time last summer, however, the organization set up regional offices in 11 places throughout the country. That was done at a time when the peak of the loan load had expired; it was done at a time only a few months before notice went out to the country that loans would be discontinued. It is still claimed, however, that in carrying out this new program the regional offices are necessary.

I have yielded to that idea to a limited extent, though not because I think it is justified. I do not think the regional offices ought ever to have been established; I do not think they are economical; I do not think that administration upon a pyramiding system of this sort is justified, and when decentralization was undertaken I think it should have gone further and the services now performed in the regional offices should have been transferred to the State offices which could, as I conceive it, render the services just as well as they are being rendered in the regional offices.

There were at the peak of the work about 2,900 employees in the headquarters in Washington. That number has been reduced to about 2,000; but we find, in place of the reduction of about 900 employees in the Washington headquarters, that 4,300 additional employees have been installed in the 11 regional offices of the country.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. CONNALLY. Did the Senator say 4,300 additional had been employed?

Mr. BANKHEAD. Yes; the exact number being 4,347.

Mr. FLETCHER. That is in addition to the 2,000, not in addition to the 2,900 the Senator mentioned.

Mr. BANKHEAD. In addition to the 2,000. I said in lieu of the 900 displaced, 4,300 had been put into the regional offices. I am not complaining about the number; I do not know whether that number is required or not; that is not the point I am driving at; but I want to bring out here, as shown by Mr. Fahey in his testimony, the type and class and number of each type of these employees in the regional offices.

There are 120 executives in 11 regional offices, or about 10 executives to each regional office. There are 236 sub-executives and supervisors; 103 accountants and statisticians; 204 attorneys, an average of about 10 attorneys to

each regional office; 1,152 stenographers and typists, an average of about 50 to each office; 2,387 clerks of various kinds.

The volume of the work may require that number; and I am not criticising in any way the number, but I am attempting to point out that with the great mass of these employees, and the kind of work they are performing in the regional offices the services could be just as efficiently performed in the State offices.

Mr. BYRNES. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Alabama yield to the Senator from South Carolina?

Mr. BANKHEAD. I yield.

Mr. BYRNES. Will the Senator tell us exactly what powers are exercised by the officials at the regional office?

Mr. BANKHEAD. I must confess, Mr. President, after listening patiently to Mr. Fahey, I was unable to get a very clear idea about the duties which are performed by these executives and supervisory officers, except I did ascertain when I got through that a number of them were engaged in the job of bossing a lot of the others.

Mr. DUFFY. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Alabama yield to the Senator from Wisconsin?

Mr. BANKHEAD. I do.

Mr. DUFFY. I understood that at the beginning of the operation of the regional offices the attempt was being made to make the collections and to service the various loans from an office usually located many hundreds of miles away from where the loans were made. I was wondering if the Senator knew if they were continuing that practice, and if he is not of the opinion that the experience of every business concern, such as large insurance companies, which have had to service such loans, indicates that it is very necessary to have the system decentralized, at least to such an extent that people may pay on their loans at the place where the loans were made?

Mr. BANKHEAD. I thank the Senator for his suggestion. I am coming to his question in a moment, because that is very largely the point involved in this amendment.

Mr. LOGAN. Mr. President, will the Senator yield?

Mr. BANKHEAD. I do.

Mr. LOGAN. It is my understanding that the regional office does service the loans, and that it has a number of field men in each State who visit the borrower who may be in default. Such matters are looked after by field men in the different States and districts where the loans are made.

Mr. BYRNES. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Alabama yield to the Senator from South Carolina?

Mr. BANKHEAD. I yield.

Mr. BYRNES. When the regional manual was issued it provided that "under no circumstances are collectors, agents, or other employees of the corporation to accept checks, money orders, or any other form of payments, except duly authorized representatives in the regional offices." I understand this month there has been a change and the regional offices are not to continue exclusively the collection, but that collection is to be made by the officials and employees in the district offices instead of the regional offices. Because of that information I ask the Senator from Alabama if the duty of collecting the funds is transferred to the States and to the district offices, then what will be done by the regional officers?

Mr. BANKHEAD. Under the terms of the amendment I have offered the regional officers, after 60 days to give them time to reorganize, will have nothing to do with the collection or servicing of loans. If they have any duties to perform it will be in the matter of checking mortgages after loans shall have been closed.

Mr. BLACK. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Alabama yield to his colleague?

Mr. BANKHEAD. I yield.

Mr. BLACK. With reference to the statement made that collections were supposed to be made by regional offices and

the statement read by the Senator from South Carolina, that it was necessary that checks go to the regional offices, I have been informed by people in Alabama that it was impossible to ascertain where the checks should go; that there has been no effort made in many sections of the State to make collections at all; that the borrowers have been waiting for regional offices to function which apparently could not function. As a result there are hundreds in default not because they would have been in default if they had known where to pay, but because the regional offices, located hundreds of miles away, employed people who did not have anything to do and who did not seemingly have time to make collections.

Mr. BANKHEAD. It ought to be understood that these loans are all closed by the State offices. The application, the title, the legal work, the issuance of the check, have all been handled heretofore in the State offices, and it is still done that way, as I understand. The loans having been entirely completed within the State organization, we then find the regional offices set up with employees to handle the papers of loans on which the borrowers have already secured the money. That is one reason why it was difficult for me to get a clear conception of what duties and responsibilities in the regional offices are necessary after the loans have been fully closed and the money paid out through the State organization.

Conceding that there are duties of organization and coordination to perform, I cannot understand why it is necessary to handle the collection of loans and the servicing of loans hundreds and hundreds of miles in many cases from a central regional office. The bills are mailed out from the regional office once a month, as I understand, to each borrower. The borrowers were at one time required, as the Senator from South Carolina indicated, to send all remittances to the regional offices, in some cases more than 500 miles away. I understood the Senator from South Carolina to say they now have the option of paying at the State office.

Mr. BYRNES. My understanding is that it is now proposed that the responsibility for following up delinquent mortgagors, including mail-collection efforts, is to be placed on the district officers under State and regional supervision. I think that is certainly correct.

The senior Senator from Alabama as well as the junior Senator from Alabama have stated that collections from the mortgagors cannot possibly be made by mail with the same success as by individual contact. If we did not have the local agencies, there might be some excuse for doing the best that could be done by mail, but when we have local offices and local employees, I do not see why we should not use them to greater advantage. It is my information that it is proposed now to resort to local offices, and I wondered whether the Senator from Alabama had information along that line. If he has not, possibly the Senator from Ohio [Mr. BULKLEY] could tell us.

Mr. BULKLEY. Mr. President, if the Senator from Alabama will yield—

Mr. BANKHEAD. Certainly.

Mr. BULKLEY. I understand the present plan is to have mail collections through the regional offices, and remittances made to regional offices; but when delinquencies go beyond the period as to which correspondence is considered sufficient, and it becomes necessary to follow up with personal calls and further servicing, it is the practice to perform these services through the State and district offices.

Mr. BYRNES. Is the Senator referring to the proposed regulation which has been adopted this month and is to be put in effect?

Mr. BULKLEY. I understand it has been adopted, but I cannot tell the Senator to what extent it is in effect.

Mr. BYRNES. If the Senator from Alabama will yield further, I will read what the new department is supposed to do:

The servicing of delinquent loans, as well as other activities arising in connection with properties acquired by the Corporation, will be centered in a district servicing department under the direction of a district servicing supervisor, who will be a member of

the staff of the district manager, similar to the district counsel, district appraiser, or district reconditioning supervisor.

These district servicing departments will be provided with such equipment and staffed with such personnel as the need of the respective districts indicate to be essential. The district servicing supervisor and his staff, as all other State and district personnel under the now-effective personnel procedure of the field manual, will be employed only with the approval of the regional office.

If my information is correct, it is proposed now to put into each district office a district servicing supervisor, who is to have charge of the servicing of the loans, so there will be put back into district offices under this official the responsibility for the servicing. Has the Senator from Ohio that information?

Mr. BULKLEY. I am not quite clear as to the purport of the Senator's statement. I do not think there is a district supervisor for the general servicing of all loans but simply to follow up delinquencies.

Mr. HATCH. Mr. President—

The PRESIDING OFFICER (Mr. REYNOLDS in the chair). Does the Senator from Alabama yield to the Senator from New Mexico?

Mr. BANKHEAD. I yield.

Mr. HATCH. Does that cover the situation which I have in mind? I have been informed that in my State collections are required to be sent to the district offices if made by money order or check, but the State offices may make the collections in cash.

Mr. BYRNES. The original provision in the Regional Manual is:

State, district, and other representatives must direct the borrower to make his loan payments of principal and/or interest to the regional office. Under no circumstances are collectors, agents, or other employees of the Corporation to accept checks, cash, money orders, or any other form of payment, except the duly authorized representatives in the regional offices.

Mr. BULKLEY. Does the Senator understand that that order has been rescinded?

Mr. BYRNES. I have read what is supposed to be the new order. There was a question in my mind as to whether it was rescinded or modified, because the Senator from Ohio asked the question whether this new district servicing official is to have jurisdiction only of delinquent loans, and I should so construe the language I have read, which language is:

The servicing of delinquent loans, as well as all other activities arising in connection with properties acquired by the Corporation, will be centered in a district servicing department.

I am not clear as to whether they will discontinue the requirement that all cash must be sent to the regional office and permit the local officials to collect. Certainly under this language, if they are to have a district servicing supervisor in every district office, he will be appointed for the purpose of supervising delinquent loans.

Mr. BULKLEY. Mr. President, I do not care to go into a refinement about whether an order has been rescinded or modified; but I do understand that the prohibition against State and district officers receiving cash payments is simply not in existence. They are authorized to accept cash payments, and required to remit them to the regional office.

Mr. BYRNES. I think under the regulation which existed up to this month the statement is that under no circumstances should they accept them.

Mr. BULKLEY. Yes; I think there was such a regulation.

Mr. BYRNES. Now there has been a change.

Mr. BULKLEY. There is no question about that.

Mr. BYRNES. And I confess, from the language, I am in some doubt as to whether the change permits these officers to accept cash payments.

Mr. BULKLEY. I am advised that they do accept them.

Mr. BARKLEY. Mr. President, if the Senator will yield there, Mr. Fahey before the subcommittee stated that not only in State but in district offices they are setting up what they call cashier offices for the purpose of receiving these payments, so that it is not necessary to send them to the regional headquarters.

Mr. BYRNES. With the permission of the Senator from Alabama, what caused me to ask the question of the Senator from Ohio was this:

Heretofore, we all agree, the requirement of the manual was that the money should be sent to the regional office. Now there is a change, and an official is to be placed in each district office, known as the "district servicing supervisor", who is to have the power I have read. If we are appointing, in the district offices, supervisors to have charge of this collection—which, in my opinion, is a very wise course to pursue—it is one additional reason why there is no sound argument for the continuance of the regional office.

When the question of the foreclosure of a mortgage arises in a State, it is sent to the regional office, and the regional officers pass upon it; but then, my information is, it comes to the assistant manager in Washington for final determination. So the question is first passed upon in the State, then in the regional office, and then in the Washington office. Why it cannot be submitted directly from the State to the Washington office is what I do not understand. I can see no reason now for the existence of the regional office; and, if the Senator from Alabama will permit me, I should like to make a brief statement as to the expense.

From June 1934 to March 1935 there was a decrease in the monthly pay roll of the State offices of \$251,303.62. There was a decrease in the monthly pay roll of the home office in Washington during the same period of \$5,778.42. There was an increase in the monthly pay roll of the regional offices of \$472,946. So the expense in Washington decreased only \$5,778 a month, while the expense in the regional offices increased \$472,946 per month, and the expense in the State offices decreased \$251,000 a month.

Mr. BARKLEY. Mr. President, if the Senator will yield there, what period does that cover?

Mr. BYRNES. That covers from June 1934 until March 1935. That is as to pay roll; but the total operating expense shows that in the State offices there was a decrease of \$319,935.48 per month and a total decrease in the home office of \$111,630 per month, and an increase in the regional offices of \$566,567 per month. So the total of all these offices shows that instead of a decrease there was an increase during the period mentioned of \$135,000 per month. The net effect of the establishment of the offices is to increase the monthly expenditure \$135,000 per month.

Mr. BARKLEY. Mr. President, will the Senator yield there?

Mr. BANKHEAD. Yes.

Mr. BARKLEY. In that connection, I think it ought to be stated that Mr. Fahey testified that the number of employees in the Washington office had been reduced from around 3,000 to around 2,000, but that if it had been necessary to continue from the Washington office the services that were being rendered by the various regional offices, instead of 2,000 or even 3,000, it would have required between six and seven thousand employees in the city of Washington, and it would have been physically impossible for them to have been housed or to have performed their duties without confusion and without inefficiency.

Mr. BANKHEAD. And without sending them to the States to do it.

Mr. GLASS. Mr. President, may I suggest to the Senator from South Carolina that there is some probability that the figures he has read as to the reduction in the State offices and the increase in the regional offices arise out of the fact that the various district offices in the States, under the jurisdiction of the State offices, have been largely consolidated; and therefore the expenses of the State offices have been decreased, and the expenses of the regional offices somewhat increased.

For example, in my own State I know that at least five district offices in the western part of the State have been abolished and consolidated into one district office; and that has necessitated a very material reduction in personnel and consequently in expense. I think that accounts for the apparent reduction in the State offices.

Mr. BARKLEY. Mr. President—

Mr. BYRNES. One minute, because of the statement of the Senator from Virginia. If that is general it would account for the reduction, though I have no information that it has been general; but there has been a reduction in the number of employees in the State offices.

Mr. GLASS. Yes.

Mr. BYRNES. When loan activities are resumed in State offices, it is fair to assume that there will necessarily be an increase to some extent of the employees in the State offices; but the point which is made is that if now the Board has changed its policy, and is going to place back in the States the servicing of loans, as was indicated by the recent change, and the determination as to whether a mortgage shall be foreclosed must finally be made by the assistant manager in the city of Washington, then there is no very strong reason for the continuation of the regional offices; and when it is apparent that it has resulted in quite an increase in pay roll and in other expenses, I doubt the necessity of continuing them. The net increase after we had the reductions to which the Senator refers amounts to \$135,000 per month. That is more than a million dollars per year.

Mr. BARKLEY. I think it ought to be stated that the net increase in the regional offices there represents probably the total expense from the time they began. My recollection is that these regional offices were established about the middle of last summer.

Mr. BYRNES. Yes.

Mr. BARKLEY. So that any expense charged to the regional offices would be a net increase, because prior to that they did not exist.

Mr. GLASS. As a matter of fact, if the Senator will permit me, to my personal knowledge a large reduction in personnel and in expense of the district offices in my State has been due to the very superior qualifications of the State officers.

Mr. BYRNES. I must say, in response to the first statement, that there has been a decrease in the pay roll of the State offices of \$251,303. There has been an increase in pay rolls by the establishment of the regional offices of \$473,000.

Mr. BARKLEY. What I was saying is that all the expense of the regional offices represents an increase, because prior to that they did not exist; so that the total amount would be charged as an increase.

Mr. BYRNES. Of course. The only thing it means is, viewing the organization as a whole, that the taxpayer is now paying \$135,000 per month more by reason of the establishment of the regional offices. If we take away 10 up here and put back 20 here, and the result is that we have an additional expense of \$135,000 per month, the taxpayer pays the bill.

I apologize to the Senator from Alabama for taking so much of his time.

Mr. BANKHEAD. I am very glad, indeed, to have the Senator's very helpful statement.

Mr. BLACK. Mr. President, on the question of expense, there has been no actual saving when we have increased the expenditures, as shown by the Senator from South Carolina [Mr. BYRNES]. As a matter of fact there should have been a saving, because loans ceased; but instead of having a saving when loans ceased, we reduced the expenses in the various State offices where the people were supposed to come in direct contact with the men who borrowed the money, and we increased the expenses in the regional offices hundreds of miles removed, where they could not come in contact with the borrower.

As stated by the Senator from South Carolina, it is difficult to understand what the regional office has left to do. We now say that we are going to adopt the businesslike method, according to the information given us, and have loans collected by people close to the borrowers of the money. Everybody knows that should have been done all the time. There never was the slightest excuse for putting a regional office in the city of Atlanta, Ga., to collect money from a borrower in the southern part of the State of Florida. It is ridiculous. It was absurd in the beginning, and it is still

absurd, to suggest any such necessity. With a large aggregation of 4,400 lawyers, executives, and various officials hundreds of miles removed from the people who actually owe the money, what situation do we find? There are no loans being made. Therefore, we need no regional offices to make loans; that is, we needed none up to the time of the passage of this bill. We now propose to leave the business of collecting the money to the State offices, where it should have been all the time. Therefore, the regional office has nothing left in the way of collections.

What is there left for the regional office to do? The two objects of establishing it were to make loans and to make collections. We are now transferring to the State offices, where it should have been all the time, the power to make collections.

Mr. BANKHEAD. Mr. President, let me say to my colleague that that is not being done. They are doing that only in the event of default.

Mr. BLACK. At last they are recognizing the fact that if a borrower down in the southern part of Alabama wants to pay someone closer to him than in Atlanta, Ga., he may have the privilege of making the payment closer if he will default in the payments on his mortgage. We are not recognizing the fact that the best way to collect from the borrowers is to have someone close enough to them so that they will not be inconvenienced by having to send their money thousands of miles away.

Mr. MURPHY. Mr. President, will the Senator from Alabama yield to me?

Mr. BANKHEAD. I yield.

Mr. MURPHY. What would the Senator think of a local building-and-loan association, which had made a loan on a home, transferring the collection of the interest to some point 200 miles away?

Mr. BLACK. We would think just exactly what every man who thinks about the pending matter is bound to observe. We would think that the private lending company was on the way to bankruptcy or that some were getting jobs somewhere which they did not need.

Mr. BULKLEY. Mr. President, it was stated a few moments ago—and I should like to state it again, because I am sure that Senators are talking on a wholly wrong theory—that payments are accepted at the local offices, the district offices, and the State offices.

Mr. BLACK. Since when has that been done?

Mr. BULKLEY. It started very recently.

Mr. BLACK. Does the Senator know how recently?

Mr. BULKLEY. No; I do not know how recently. I quite agree with the Senator's remark as to what the condition was previously, but his statement does not apply to the condition which now exists.

Mr. MURPHY. Mr. President, will the Senator from Alabama yield further?

Mr. BANKHEAD. I yield.

Mr. MURPHY. Will not the Senator from Ohio develop what the functions of the regional office are; what duties it is performing; what the necessity for its existence is?

Mr. BULKLEY. I think perhaps we are trespassing a good deal on the time of the Senator from Alabama. I shall be glad to undertake the discussion later.

Mr. BANKHEAD. Mr. President, we assume in this amendment that there is some sort of need for some kind of service at a regional office. That concession was made in the hope that we could get an adjustment of this matter and have an acceptance by the committee of the fact that all business relating to collections of loans should be handled in the State organization. But they did not accept it.

As I have said, I do not see any need of a regional office at all. The loans are closed in the State offices. The amendment simply provides that collections and the servicing of loans shall be handled within the States. That is the concrete proposition presented, whether or not the regional office is needed for other purposes.

I do not conceive that there can be any reasonable argument or insistence that loans should be handled in some cases five or six hundred miles away from the homes of the borrowers. The large number of accountants, auditors,

typists, and stenographers in each regional office can be distributed out among the States from which some of them come. Let them go home to do the work. It is said they have been drawn from the State organizations. Let them be sent back. The work can be done as well at home, in the State headquarters, as by any aggregation brought together at a regional point.

Nothing is involved in the amendment except the question as to the place from which the bills shall be sent out. If I am told that the simple process of taking from the records a statement of the account of each borrower is a matter which must be handled by one possessing great skill, with technical supervision, at some regional office remote from the home of the borrower, I reply that there is no reason for any such statement. I favor getting back closer to the people in the administration of their affairs, taking at least that part of this program which is, in large measure, merely a clerical one to a place where the employees can be in offices at their homes where they can do the work as well as they can do it elsewhere.

It is said now the borrowers are allowed to come in and pay without going to the regional office for that purpose. Every borrower ought to be allowed to do that, whether he pays in cash or by check. The collecting officers, or officials, or agents, or whatever they may be called, ought to be close to the borrowers, so that when trouble may arise, when excuses or reasons are to be presented for some short delay in meeting the payments, the borrowers may reach the officials without riding hundreds of miles.

How is the matter of tax payments or tax defaults to be serviced? Are representatives to be sent out from the regional office to ride from State to State, and from county to county, in order to check the tax records to see whether there are defaults in the payment of taxes upon mortgaged property? Are the agents to be sent back to check so as to find whether or not at some later date those tax liens have been removed by payment? Is a regional office hundreds of miles away to keep track of all notices of tax sales in all the counties in all the States in each region?

I submit that it is a cumbersome system, it is a pyramiding system. If the desire is to decentralize, let us decentralize, and bring this business back to the doors of the people, where they will have reasonable opportunity to go and talk over their business, where they may take their money, or take their checks, and make settlement, and get their receipts, and discuss any matter necessary to be discussed.

Mr. DUFFY. Mr. President, will the Senator yield to me?

Mr. BANKHEAD. I yield.

Mr. DUFFY. I not only am very happy to support the amendment offered by the Senator from Alabama, but I should have been willing to support the first suggestion he made—that the regional offices be abolished entirely.

Mr. BANKHEAD. If the Senator will offer the amendment, I am sure he knows from what I have said that I will most cheerfully support it.

Mr. DUFFY. The difficulty is, as I see it, that our policy has been to make it as hard as possible to make collections, instead of following the business practice which has been well established, but which we have refused to heed, the practice followed by every private business concern that has had any considerable experience in collecting from a number of borrowers, especially those who have made loans. It must be made convenient for the borrowers to pay. Instead we threw up all the barriers we could. We would not accept cash, and those who were conversant with the people, who knew them, and who made the loans could not do the work. Gradually we have made it a little easier than it previously was, but I think, unless the Senator's amendment shall be agreed to, it will still be a difficult situation. In some way or other this organization has not the psychology to make it as easy as possible for the people who owe the Government to pay. Imagine someone in Superior, Wis., having a man down in Chicago, 450 miles away, write him. The operation is made so difficult that people who have the money available

at the time when the money is due spend it for something else.

I certainly hope the Senator's amendment will be agreed to, because it is in accordance with good sound business practice, and with what has been the experience of every business concern that has had this kind of business to deal with.

Mr. BANKHEAD. I am very glad, indeed, to have the statement of the Senator from Wisconsin and to have the approval of his good judgment upon this proposal.

As he has indicated, every lender recognizes the importance of personal contacts, especially when borrowers get into difficulty, as so many already are in difficulties about these loans, and as others from time to time will get into difficulties. The importance and the value of personal contacts, personal calls, going over the problems and encouraging the lenders to go forward and meet the payments, cannot be overemphasized. Such contacts cannot be maintained under this remote far-away control, and, as I have submitted to the Senate, there is no sound reason for requiring this organization, simply because they started out on one theory, to stand by it, whether they ought to stand by it or not.

I know they have been active. Senators have told me today that they have had calls over the telephone, both local and long distance, urging them to vote against this amendment. Influence of that character, emanating from some branches of the Home Owners' Loan Corporation, has been employed. But we have a right to supervise the manner in which the money is expended. We have a right to supervise the administration and the machinery under which it is to be expended.

If it is the judgment of the Members of the Senate that the collections, all phases of the collections, and the servicing of the collections, looking after defaults and abandonments, and all the other problems, should be handled near the homes of the borrowers, then I submit that we would be doing some little to remedy the existing trouble by the adoption of the limited amendment which I have proposed.

The PRESIDING OFFICER (Mr. MINTON in the chair). The question is on agreeing to the amendment offered by the junior Senator from Alabama [Mr. BANKHEAD] to the committee amendment.

Mr. BULKLEY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Keyes	Robinson
Ashurst	Costigan	King	Russell
Austin	Couzens	La Follette	Schall
Bachman	Cutting	Lewis	Schwellenbach
Bankhead	Dickinson	Logan	Sheppard
Barbour	Dieterich	Loneragan	Smith
Barkley	Donahey	McCarran	Stelwer
Bilbo	Duffy	McGill	Thomas, Okla.
Black	Fletcher	McNary	Thomas, Utah
Bone	Frazier	Metcalf	Townsend
Borah	George	Minton	Trammell
Brown	Gerry	Moore	Truman
Bulkley	Gibson	Murphy	Tydings
Bulow	Glass	Murray	Vandenberg
Burke	Gore	Neely	Van Nuys
Byrd	Guffey	Norris	Wagner
Byrnes	Hale	Nye	Walsh
Capper	Harrison	O'Mahoney	Wheeler
Carey	Hastings	Pittman	White
Clark	Hatch	Pope	
Connally	Hayden	Radcliffe	
Coolidge	Johnson	Reynolds	

The PRESIDING OFFICER. Eighty-five Senators have answered to their names. A quorum is present.

Mr. BULKLEY. Mr. President, we have had considerable discussion about the advisability of establishing regional offices and as to what work should be performed in the regional offices of the Home Owners' Loan Corporation. It seems to me that if some Members of the Senate, perhaps including myself, had been directors of the Home Owners' Loan Corporation it is quite likely that these regional offices would not have been established, or perhaps that they would not have been given the same functions which the Home Owners' Loan Corporation has chosen to give them.

However, I do not think the issue before us here can be determined on the basis of whether any particular administrative policy is a good or a bad one. The issue is whether the Congress desires to supersede the judgment of a board intrusted with the administration of the Home Owners' Loan Corporation on a question which is purely an administrative question.

The Senator from Alabama proposes that within 60 days all the work of the regional offices shall be transferred to and performed by the State organization. The evidence which we had before our subcommittee from the officers of the Home Owners' Loan Corporation is that the principal duty of the regional offices is that of supervising the State offices. The Senator would now have the work of supervising the State offices transferred to the State offices. On its face it is an inconsistency. It is an impracticable way to handle the situation.

It has appeared that the collections are being serviced through the State and local offices, and I quite agree with the Senator from Alabama that ultimately that is the only possible disposition of the work. It is being done under the present administration. The testimony before us is that the purpose of the regional offices is a supervisory purpose, and that the regional offices are made up of people who would otherwise have to be employed in the city of Washington to supervise the State and district and local offices. Do we want to direct the Home Owners' Loan Corporation as to whether their supervision ought to be carried on from the city of Washington or whether it ought to be moved out nearer home and set up in a number of different regions? I submit that it is a question as to which the Congress would not care to take jurisdiction and ought not to take jurisdiction.

Mr. BLACK. Mr. President, I do not desire to consume the time of the Senate except for about 2 or 3 minutes in order that the Senate may know what the issue actually is. It is very simple. The pending amendment does no more than to require that within 60 days from the passage of the bill collections by the Home Owners' Loan Corporation shall be made from the State offices and not from the regional offices.

Mr. BULKLEY. Mr. President, will the Senator yield?

Mr. BLACK. I yield.

Mr. BULKLEY. Does not the amendment say "all work at regional offices"?

Mr. ROBINSON. Except supervising of the loans.

Mr. BLACK. Yes, Mr. President; except supervising of the loans.

Mr. BULKLEY. Except supervising the making of the loans.

Mr. ROBINSON. Yes; except supervising the making of the loans.

Mr. BANKHEAD. That means nothing but collections.

Mr. BLACK. That is what it means—collections.

Mr. BULKLEY. I differ from that statement that it means nothing but collections.

Mr. BLACK. So far as I am concerned, I should be delighted to vote for an amendment which provides that there shall be no regional offices. I see no reason for the regional offices. I think it is wholly unfair to the people of a State who have borrowed from a Home Owners' Loan Corporation to be compelled to make their payments 200, 300, 400, or 500 miles from their homes. It gives them no chance to have personal contact with the representatives of the Home Owners' Loan Corporation; it prevents efficient collection. So far as I have been able to see—and I want to state this frankly and openly—the chief reason for the regional offices so far has been to send people who have had jobs in Washington into the various regions in order to take care of them. I see no reason for that. Forty-four hundred were placed in the regional offices originally, with the idea chiefly of collecting debts. The Senator from Ohio frankly admits that there is now a plan on foot to change the system, as I understand him, and that it is now proposed to have the collections made from the State offices. Am I correct in that assumption?

Mr. BULKLEY. Payments are now accepted at the State offices, and, so far as I know, there has never been any purpose that servicing should not be done through the State and district offices. I do not see how a loan could be serviced through a regional office.

Mr. BLACK. They have hardly been serviced at all down in my section.

Mr. BULKLEY. I think the Senator is quite right about that. I think the servicing of this Corporation is in very bad shape, and I hope it is going to be improved.

Mr. BLACK. That is correct, but the way to improve it is to have representatives who live within the State where the loans are made, where the bills are to be paid, just as close to the borrower as is possible.

Mr. BULKLEY. That is exactly the purpose of the Corporation, as testified in our hearings.

Mr. BANKHEAD. Mr. President, I should like to know what objection, then, the Senator has to this amendment? It does not deal with anything except the collection and servicing of loans.

Mr. BULKLEY. It prevents any supervision of State offices except with respect to the making of loans.

Mr. BANKHEAD. No, it does not; I beg the Senator's pardon; the amendment simply provides for a transfer of certain work from the regional offices. The servicing and collecting of loans shall be within 60 days transferred to and performed by the State offices.

Mr. BULKLEY. Very well. When it comes to supervising the collection of loans, that would have to be done by the very body that is being supervised, according to the Senator's amendment.

Mr. BLACK. The issue, then, is very simple. If the Home Owners' Loan Corporation intends anyhow to do the thing upon which we have been insisting and which has not heretofore been done, why should we not place it in the law?

Mr. BULKLEY. I hope the Senator will understand my position. I do not think the Home Owners' Loan Corporation has exercised perfect judgment, and I am not sure that the Senator and I, had we been sitting on that Board, would in every case have exercised perfect judgment; but I do think that the Home Owners' Loan Corporation Board, being intrusted with the administration of the act, ought to be able to decide the administrative question of where they want their help to be placed.

Mr. BLACK. That might be true if they had not already decided it and decided it wrong; and the Senator and I both agree that they have decided it wrong.

Mr. FLETCHER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Florida?

Mr. BLACK. I yield to the Senator.

Mr. FLETCHER. As I understand, the main function of the regional office now is to deal with delinquent loans. When there has been a default for 30 days or 60 days, the local offices may collect; but when the borrower is in default, say, for 90 days, they must submit the case to the regional office. It is a question, then, whether they will foreclose or whether they will extend the time or make different terms. The regional office looks after those cases that are in default; they determine whether to foreclose a mortgage or advise its foreclosure and send it to Washington or whether to take other action.

Mr. BLACK. As I understand, the Senator has stated just the reverse of what was stated a while ago. It was stated a while ago on the floor that the only way a man who lived in Florida, for instance, would be able to make payment to his home office in Florida was to get in default. If he could arrange to get in default, and far enough in default, he could then go to his State office and make a payment; but if he wanted to pay the debt at the time it was due, it was necessary for him to send the payment to Atlanta, Ga. I take the position that the citizens of Florida ought to be accommodated by having the privilege of making their payments through the officials of the Home Owners' Loan organization in Florida, whether they are in default

or not in default. Why should we send men to Atlanta, using that district as an example, and pay them mileage going there, and pay them a per diem while in Atlanta, and pay them mileage when they leave Atlanta, instead of employing officials in Florida, who live in that State, without the necessity for a per diem and without the payment of mileage to go from Atlanta down into Florida to collect debts? It is a system which would not be tolerated a minute by a single private lending agency in America. The Senator from Ohio himself admits that it is wrong; and, therefore, since it is wrong in his judgment, let us abolish it.

Mr. BULKLEY. I know the Senator does not want to misunderstand what I said.

Mr. BLACK. I do not; and if the Senator does not think it is wrong, I will withdraw the statement.

Mr. BULKLEY. What I said was that had the Senator and I been directors we might have decided this question differently. I am not sure but that we might have been wrong if we had decided it differently. The point is that those who have the best facilities for knowing how it should be done have decided it this way.

There is another point. Does the Senator think that under the present practice men are sent out from the regional office to service loans and to make collections from customers?

Mr. BLACK. No; I think that, under the present practice, there has been no method at all. So far as I can find, there has been no system of collections at all in the section from which I come. I have had letters from people complaining of that very condition, that there was no method of payment.

Mr. BULKLEY. I am sorry to say that there is too much truth in the Senator's statement, and there has been a certain failure in my own State, too; but it is not the practice to send out collectors from regional offices; it is not the theory to send out collectors from regional offices; and the argument the Senator is making along that line is not in point. The collectors are always sent out from the State and district offices.

Mr. BLACK. May I ask the Senator if it has not been contemplated from the very beginning of the regional offices that they would collect through their own employees; and further if they have not accepted applications from people who wanted collection jobs and required always that they go to the regional offices and not to the State offices.

Mr. BULKLEY. I am sure the Senator is absolutely wrong about that. The only collections of the regional offices are mail collections. The mail collections have been transferred to the regional offices from Washington. Mail collections originally were made at the main office in Washington, and subsequently were transferred to the regional offices. While I agree with the Senator that there has been a good deal of time consumed in organizing any system whatever designed to follow the matter directly to the customer, certainly there has been no attempt to pursue the customer either from Washington or from the regional offices. It has always been contemplated that that should be done by the State and local offices, and it will undoubtedly be done better in the future as the organization is further perfected. However, I am sure that the Senator misunderstands the situation if he thinks that collectors are going to be sent out or have been sent out from the regional offices.

Mr. BLACK. I might say to the Senator that I believe they should not have been sent out, and I doubt if they will be sent out after this debate. I am satisfied that the method was proposed to have the collection handled in the regional offices, and that gradually they were going to draw in everything that was within the various State and district offices into the regional offices where men have been sent from the city of Washington, gathered from the four corners of the Nation in order to officer the various regional offices.

Mr. BULKLEY. Of course I do not undertake to say what mental processes the Board may have gone through in the past, but I am sure that recently there has been no such attempt.

Mr. BLACK. The Senator is familiar with the fact, is he not, that until recently a State office had no authority at all to make a collection?

Mr. BULKLEY. That is quite true, but it has been corrected.

Mr. BLACK. It has only been corrected within the last few days.

Mr. BULKLEY. I join the Senator in the thought that it should have been corrected sooner.

Mr. BANKHEAD. They have not corrected the system of sending out from the regional offices the bills and notices and all that kind of thing.

Mr. BULKLEY. There is a satisfactory reason for that. They testified that their billing machines are made up for large units and can be more efficiently operated from the regional offices than from the local offices. So far as mail payments are concerned, what difference can it make to the customer, whose letter will go just as well to the regional office as to the local office?

Mr. BLACK. It makes a great deal of difference to the man who lives down in the southern part of Florida when he gets a notice by mail whether he can have the right and privilege to go to his nearest State office and seek a conference with reference to that collection.

Mr. BULKLEY. Of course he can do that, but if he is going to mail a letter what difference does it make to him whether he mails it to Jacksonville or Atlanta?

Mr. BLACK. Of course if the Senator wants to give the organization the privilege of mailing letters from Atlanta to Alabama and Florida and Arkansas and Texas, and mailing letters from Chicago to Wisconsin and Idaho, and mailing letters from Kansas over into Iowa and other places, then we might just simply provide that they may mail their letters from a selected point far removed from the home of the debtor.

Mr. BULKLEY. It is fair to say that a large proportion of the payments do come in as the result of mail billing and do come in by mail, and unless that were true the operation of the Home Owners' Loan Corporation would be very expensive indeed.

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. BULKLEY. I will yield with the permission of the Senator from Alabama, who has the floor.

Mr. BANKHEAD. Does not this system require duplication of records? Whenever there is a default, is it not necessary to send the files and engage in long correspondence from one office to the other?

Mr. BULKLEY. I do not so understand. I understand that the files are kept at the regional offices and that the billings are made by the large billing machines.

Mr. BANKHEAD. How is it possible to inform the State office of the status of a default if all the correspondence and the whole record are not sent?

Mr. BULKLEY. The files are sent only when they are specifically required for personal servicing.

Mr. BANKHEAD. Then it is a duplication.

Mr. BULKLEY. I do not think it is a duplication. The file is held at the regional office, and the billings are made from there. If the payments come in within 90 days or so of the time they are due that is all that has happened, and the cost of servicing has been saved. After 90 days, if the account has not been paid, the whole file is sent to the State or the district office, the very place where the servicing ought to be done.

Mr. BLACK. Here is what results: There is an office, for instance, in Idaho. It is a local office. Of course, it must have a record of the files. It would be a strange thing that the office of a corporation closest to the people should not know whether or not a man owed them. We must have a regional office within a few hundred miles. I do not know where the regional office is that covers Idaho, but perhaps 700 or 800 miles away. That regional office must have a file. Then there must be a file in Washington. Before long we will have another regional office between the first regional office and the home office.

Then we will have what everybody criticizes the Government for having in every business it undertakes—waste, clerks who do nothing, officials who do nothing but draw their salaries, a clerk to supervise the work done by another clerk who is looking over the work of another clerk a thousand miles away, and, after all, when something finally comes up it must come to Washington.

A letter is written to Washington, and there it is said, "Our files show this bill has not been paid." It is traced down to the first regional office two or three hundred miles away. There it is said, "The record in our office does not show it has been paid." They go to the next regional office and finally get away down to the little office out in Idaho, and the man there reports, "This was paid 7 months ago, and I have issued a receipt for it." That is what happens.

Mr. BULKLEY. The Senator does not speak by the record when he says there has to be a file of all these things in Washington.

Mr. BLACK. I speak according to human experience since the celebrated case of *Jarndyce v. Jarndyce*, made famous in Dickens' beautiful novel. Everybody knows when we set up an office, the employees of that office have to have something to do. They put in their files and hire their clerks and lawyers.

How many lawyers are there in the regional offices?

Mr. BANKHEAD. There are 204.

Mr. BLACK. Before long they will have 500 or 600. Of course, there may be some more regional offices, too. Perhaps they will come a little closer to some Senator's State than they are now. At the same time, away back somewhere along the line a little home owner finds himself enmeshed in the red tape of multitudinous offices—not duplicating, but triplicating—and probably by next month there will be another regional office for him to go through.

I submit if we want to make the Home Owners' Loan Corporation a success, where we find a set-up of useless offices, with supervisory powers which are not needed, taking away the privilege from a man who owes money to pay it as he looks into the face of the agent of the Corporation, making it necessary to employ and hire new clerks on a new per diem and new mileage, what we really ought to do is to amend the amendment of my colleague and tell the office here in Washington to dispense with these useless regional offices which now perform no services except of a parasitical nature, to draw from the resources of the Corporation when it is wholly and completely unnecessary to do so?

Whatever may be the attitude of Senators from other States, I insist that the home owners who owe money in the State of Alabama have a right to make their payments at the closest available office. I insist it is more economical than is any other method. I insist it is more efficient. I insist by that method we are more likely to get officers who know their psychology than we are by drawing somebody from a State a thousand or fifteen hundred miles away to supervise the regional office. I am opposed to any such system as is now in vogue. I believe so far as possible in having the offices manned with personnel familiar with local problems and local people.

The only regret I have with reference to my colleague's amendment is that it is not in its original form. He changed it only because of an adverse report by the subcommittee and struck out the provision relating to regional offices. Knowing that the principle is wrong, we ought to write our knowledge into the law. I hope the Senate will adopt the amendment of my colleague.

Mr. BARKLEY. Mr. President, I do not know that I can enlighten the Senate any further on the subject, but there are two or three things I should like to submit before we vote.

So far as I now recall, there is not an important branch of the Government of the United States which deals with problems all over the country which does not have regional offices. The Civil Service Commission, which holds examinations for the appointment of civil-service employees all over the United States, has divided the United States into regions, and there is a regional office covering each one of the regions which deals with applicants and examinations relating to civil-

service employees in a certain group of States over which the superintendent of that regional office has jurisdiction.

The Federal Alcohol Control Administration has the same arrangement. The income-tax division of the Bureau of Internal Revenue has regional offices which supervise those who are employed in the collection of income taxes in the various States within the region over which they have jurisdiction.

The Federal land banks do the same thing, as do the Federal Reserve banks. So far as I can recall, there is not a department of Government that deals with problems which affect the States in an intimate capacity which does not have a regional set-up over which presides a regional director.

It is easy to rise in the Senate and berate some board which has had upon its shoulders the responsibility of administering a law which applies to millions of our people. It is easy for us to rise here and say that if we had been administering the law we would have done it differently from the way it has been done by those who have been charged with administering it. But in writing the law we do not undertake to go into details of administration. We are bound to write the law in general terms and leave it to those charged with the responsibility of administration to work out the details of the administration.

What happened with the Home Owners' Loan Corporation was that at the beginning they set up a manager in every State. They authorized the State manager to establish certain branch offices in the State. In my State there were established four or five or possibly six; I do not at the moment recall just how many. In charge of each of those branches was a branch or State director or manager. The State director or State manager was required to deal with Washington on every proposition that arose where there was any dispute on any question or where he himself did not have the authority to act.

Mr. Fahey testified before the subcommittee that they had at the peak, I believe, about 2,900 or 3,000 employees in Washington before they established the regional offices. That was long before the peak of applications came in, when every one of them had to come to Washington. If there was a dispute about appraisal, if there was a dispute about the law to determine whether or not the applicant was entitled to a loan, or whether his property was eligible, or any one of a thousand questions that might arise in the administration of the law, the State director was required to take up the matter with the Board here in Washington. The result was long delay. The result would have been inefficiency.

It was almost impossible for the Home Owners' Loan Corporation to get quarters in Washington for 2,000 employees. They had to be scattered all around Washington, some in the different District buildings, some of them in the Department of Commerce, some of them in the Department of Justice, some of them at one place and others at some other place. If a Member of Congress desired to confer with anybody in the Home Owners' Loan Corporation it took half a day to run around over Washington and find where he was located.

In order to do away with that situation the 11 regional offices were established. Prior to their establishment there were chosen certain key men in Washington who had been given charge of certain States so they might become familiar with conditions and the situation in the States which were assigned to them for administration here in Washington. When these regional offices were established, these men who had been key men in the headquarters in Washington dealing with certain States were, in the main, put in charge of the States with which they had been dealing prior to the establishment of the regional offices.

Mr. Fahey testified that if all the work now being done by the regional directors and the regional offices had been required to be done in the city of Washington, it would have required between six and seven thousand employees, and that it would have been a physical impossibility not only to find quarters for them in Washington but for them to work efficiently in the administration of this law, responsibility for which has been placed upon their shoulders. Therefore, these regional offices were established.

It may be that some of us here could have done it better. I suppose most of us are willing to admit that we could have done it better and more efficiently if we had had the responsibility. We did not have it, however; and I do not think we can very wisely undertake to go into detail with respect to the minutiae of administration of a law that involved so many complications and so many problems and so many local situations as this law.

I think we are all prepared to admit that the Home Owners' Loan Corporation has done a fine job. It has rendered a service to the people of this Nation which could not have been rendered otherwise. It has established these 11 regional offices, and we now propose either to abolish them or to take away their jurisdiction. I think they ought to be allowed to remain as they now are.

It is not very material whether a man who owes monthly payments, or who is amortizing a loan which has been refinanced under the Home Owners' Loan Corporation, writes a letter from Mayfield to Paducah, where there is a branch office under the State manager, or from Mayfield to Louisville, or whether he writes a letter to Memphis, which is the regional office for 4, 5, or 6 States in that part of the country.

Mr. FLETCHER. Mr. President—

Mr. BARKLEY. I yield to the Senator from Florida.

Mr. FLETCHER. I desire to interrupt the Senator to read just a line from a recent letter I have received on this subject. After having examined the operations of these regional offices, having contacted the Atlanta office and the personnel and the officers there, the writer says:

I believe that I am voicing the opinion of all the personnel in the Florida State organization when I say that we would hate to see any change made in the present set-up, either as to the location of the office or as to its management and personnel. This is said in the interest of the borrowers as well as the whole organization.

He believes it to be a great mistake; that they are serving well, operating well, functioning well.

Mr. BARKLEY. I appreciate that statement from the Senator. So far as I am concerned, I do not believe I have had a single complaint from anybody in my State with respect to the operation of the regional offices.

Mr. BLACK. Mr. President, will the Senator yield to enable me to address a question to the Senator from Florida?

Mr. BARKLEY. I yield.

Mr. BLACK. Since the Senator has read a statement of approval of the regional office, I think it would be only fair to state whether or not the gentleman who wrote that statement is employed by the Home Owners' Loan Corporation.

Mr. FLETCHER. He is connected with the organization.

Mr. BARKLEY. He probably was connected with the State office prior to the establishment of the regional office.

Mr. FLETCHER. He was connected with the State office, not with the regional office.

Mr. BARKLEY. Many of these employees were taken from the State offices and put in the regional offices because they had grown up with the work, and they understood it, and they understood the problems of the State from which they came. I think it was a wise thing on the part of the regional managers to draw from each of the States somebody who had grown up into the Home Owners' Loan Corporation, who was familiar with it in his State, and who could at least help the regional managers to solve problems that arose which came from the States they represented.

Mr. BLACK. Has the Senator been informed by this corporation that it drew on each of the States for the personnel in the regional office? If he has, I am satisfied that it is a mistake.

Mr. BARKLEY. I do not know that I have asked that categorical question, but my understanding has been, and I think Mr. Fahey so testified before the committee, that, as a rule, they have drawn from the States. If there has been some one State from which they drew nobody, I do not know anything about it. If Alabama happens to be such a State, I am very sorry for it, but I doubt very seriously whether it is true.

Mr. BLACK. I may state to the Senator that it was my belief that if we were going to set up regional offices, each State ought to have some representation, in order to take care of the interests of the State, which I tried to present to the Board. I was not trying to get employment for some man who did not have employment.

Mr. BARKLEY. My experience with Federal employees leads me to believe that the more of them you can keep in your own State, and not let them get too far away, the better off you are.

Mr. BLACK. I think perhaps the Senator is correct, but in this connection I may state that the regional officers did not draw on the Alabama office for their personnel.

Mr. BARKLEY. I do not know about that.

Mr. BLACK. I do not know whether it has been the custom or not. I think the regional offices would have been much better off if they had drawn their personnel from the various States in the region, so that they would be familiar with the local problems. I agree with the Senator as to that.

Mr. BARKLEY. I think that has been the policy. I think Mr. Fahey has stated that of the combined lists of employees in the various regional offices, some 450 or 500 had been drawn from the various State offices in the regions which they represented. It may be that some States did not get in on it. I do not know just what the test was; but, as a rule, that is what they tried to do.

I believe that to adopt this amendment, or any amendment undertaking to handicap the Board in the administration of these regional offices, would make for inefficiency and confusion, and would undo a lot of good work that they have been doing and are now doing.

Mr. BANKHEAD. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	King	Schall
Austin	Couzens	La Follette	Schwellenbach
Bachman	Cutting	Lewis	Sheppard
Bankhead	Dickinson	Loneragan	Smith
Barbour	Donahay	McCarran	Steiwer
Barkley	Duffy	McNary	Thomas, Okla.
Bilbo	Fletcher	Metcalf	Thomas, Utah
Black	Frazier	Minton	Townsend
Bone	George	Murphy	Trammell
Borah	Gerry	Murray	Truman
Brown	Gibson	Neely	Tydings
Bulkley	Glass	Norris	Vandenberg
Bulow	Gore	Nye	Van Nuys
Burke	Guffey	O'Mahoney	Wagner
Byrd	Hale	Pittman	Walsh
Byrnes	Harrison	Pope	Wheeler
Capper	Hastings	Radcliffe	White
Carey	Hatch	Reynolds	
Connally	Hayden	Robinson	
Copeland	Keyes	Russell	

The PRESIDING OFFICER. Seventy-seven Senators having answered to their names, a quorum is present.

Mr. GLASS. Mr. President, I desire to ask the Senator in charge of the bill whether or not there is any foundation for the rumor, which seemed to me to be something more than a rumor, that the central Board here has in contemplation the abolition of the State offices.

Mr. BULKLEY. Mr. President, I am very confident that there is nothing in that rumor, because before our committee the chairman of the Board repeatedly stated that it is his purpose to have loans serviced through the State offices.

Mr. GLASS. Is there anything in the bill which would authorize the central Board to abolish the State offices?

Mr. BULKLEY. There is nothing in the bill on that subject one way or the other. I presume they would have a right to abolish the State offices if they saw fit, but I could not imagine their doing such a thing.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. GLASS. I yield.

Mr. WHEELER. Let me say to the Senator that I talked this morning to the director, Mr. Fahey, and he told me positively that they never did have any such intention of abolishing the State offices. It never entered his mind, and he said, "I think I would have known something about it if that had been the purpose."

Mr. GLASS. That is a matter in which I am particularly interested. It may be a local consideration, but the State officer in Virginia has made such an extraordinarily good record that I should dislike very much to see him dispensed with.

Mr. FLETCHER. I imagine the State offices will be in existence for 15 years.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Alabama [Mr. BANKHEAD] to the committee amendment.

Mr. BULKLEY. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. TOWNSEND (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. McKELLAR]. I understand that if he were present he would vote as I intend to vote, and, therefore, I am privileged to vote. I vote "nay."

The roll call was concluded.

Mr. AUSTIN. I desire to announce that the Senator from Pennsylvania [Mr. DAVIS] is absent on account of illness.

I also wish to announce that the Senator from South Dakota [Mr. NORBECK] and the Senator from Minnesota [Mr. SHIPSTEAD] are necessarily absent.

The Senator from Pennsylvania [Mr. DAVIS] has a general pair with the Senator from Kentucky [Mr. LOGAN].

The Senator from Minnesota [Mr. SHIPSTEAD] has a general pair with the Senator from Kansas [Mr. MCGILL].

I am not advised how any of these Senators would vote if present.

Mr. LEWIS. I wish to announce that the Senator from Arkansas [Mrs. CARAWAY], the Senator from Connecticut [Mr. MALONEY], and the Senator from Louisiana [Mr. OVERTON] are detained on account of illness.

I desire to announce also that the Senator from North Carolina [Mr. BAILEY], the Senator from California [Mr. McADOO], the Senator from Louisiana [Mr. LONG], the Senator from New Jersey [Mr. MOORE], the Senator from Kansas [Mr. MCGILL], the Senator from Massachusetts [Mr. COOLIDGE], the Senator from Tennessee [Mr. McKELLAR], the Senator from Kentucky [Mr. LOGAN], the Senator from Arizona [Mr. ASHURST], the Senator from Missouri [Mr. CLARK], and the Senator from Illinois [Mr. DIETERICH] are necessarily detained from the Senate.

The result was announced—yeas 28, nays 49, as follows:

YEAS—28

Adams	Brown	Donahey	McCarran
Bachman	Bulow	Duffy	Murphy
Bankhead	Byrd	Gerry	Neely
Bilbo	Byrnes	Gore	Pittman
Black	Connally	Guffey	Pope
Bone	Copeland	Hatch	Russell
Borah	Costigan	Hayden	Thomas, Okla.

NAYS—49

Austin	Gibson	Murray	Townsend
Barbour	Glass	Norris	Trammell
Barkley	Hale	Nye	Truman
Bulkley	Harrison	O'Mahoney	Tydings
Burke	Hastings	Radcliffe	Vandenberg
Capper	Keyes	Reynolds	Van Nuys
Carey	King	Robinson	Wagner
Couzens	La Follette	Schall	Walsh
Cutting	Lewis	Schwellenbach	Wheeler
Dickinson	Loneragan	Sheppard	White
Fletcher	McNary	Smith	
Frazier	Metcalf	Stelwer	
George	Minton	Thomas, Utah	

NOT VOTING—18

Ashurst	Davis	McAdoo	Norbeck
Bailey	Dieterich	McGill	Overtton
Caraway	Johnson	McKellar	Shipstead
Clark	Logan	Maloney	
Coolidge	Long	Moore	

So Mr. BANKHEAD's amendment to the committee amendment was rejected.

Mr. BULKLEY. Mr. President, I send an amendment to the desk, which I desire to offer.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. In the committee amendment, in section 26, page 31, line 8, it is proposed to strike out the words "or improved by", so as to make the section read:

SEC. 26. (a) The first sentence of section 2 of the National Housing Act is amended (1) by striking out "January" and inserting in lieu thereof "April", and (2) by inserting before the period at the end thereof a comma and the following: "including the installation of new equipment and machinery."

(b) The last sentence of section 2 of the National Housing Act is amended to read as follows: "No insurance shall be granted under this section to any such financial institution with respect to any obligation representing any such loan, advance of credit, or purchase by it (1) unless the obligation bears such interest, has such maturity, and contains such other terms, conditions, and restrictions, as the Administrator shall prescribe; and (2) unless the amount of such loan, advance of credit, or purchase is not in excess of \$2,000, except that in the case of any such loan, advance of credit, or purchase made for the purpose of such financing with respect to real property improved by or to be converted into apartment or multiple family houses, hotels, office, business or other commercial buildings, hospitals, orphanages, colleges, schools, churches, or manufacturing or industrial plants, such insurance may be granted if the amount of the loan, advance of credit, or purchase is not in excess of \$50,000."

Mr. BULKLEY. Mr. President, I offer this amendment at the suggestion and request of the Housing Administrator, with the consent and approval of the Chairman of the Committee on Banking and Currency. I have not had opportunity to take it up with the committee.

On page 31, in section 26, we provided for the amendment of title I of the National Housing Act by increasing the limit on loans which may be insured from \$2,000 up to \$50,000 for certain purposes. Among those purposes we provided for was the conversion of property into apartments or multiple family houses, but we did not provide for conversion into other forms of property on which loans might be made.

The Administrator sees no reason why we should not provide for the financing of the improvements which will convert property into hotels, office, business, or other commercial buildings, hospitals, and so forth, as further provided in the bill, and he asks that this amendment be incorporated in the bill so as to make funds available for converting property into buildings for those purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. BULKLEY] to the committee amendment.

The amendment to the amendment was agreed to.

Mr. BULKLEY. Mr. President, I offer a further amendment, which I send to the desk.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. In the committee amendment, in section 15, page 25, line 5, after the numerals "15", it is proposed to insert "(a)", and on page 26, between lines 10 and 11, to insert the following:

(b) Section 9 of the act entitled "An act to guarantee the bonds of the Home Owners' Loan Corporation, to amend the Home Owners' Loan Act of 1933, and for other purposes", approved April 27, 1934, is hereby repealed.

So as to make the section read:

SEC. 15. (a) Section 4 of the Home Owners' Loan Act of 1933, as amended, is amended by adding at the end thereof a new subsection to read as follows:

"(n) The Corporation is authorized to purchase Federal Home Loan Bank bonds, debentures, or notes, or consolidated Federal home-loan bank bonds or debentures. The Corporation is also authorized to purchase full-paid-income shares of Federal savings and loan associations after the funds made available to the Secretary of the Treasury for the purchase of such shares have been exhausted. Such purchases of shares shall be on the same terms and conditions as have been heretofore authorized by law for the purchase of such shares by the Secretary of the Treasury: *Provided*, That the total amount of such shares in any one association held by the Secretary of the Treasury and the Corporation shall not exceed the total amount of such shares heretofore authorized to be held by the Secretary of the Treasury in any one association. The Corporation is also authorized to purchase shares in any institution which is (1) a member of a Federal home-loan bank and (2) whose accounts are insured under title IV of the National Housing Act, if the institution is eligible for insurance under such title; and to make deposits and purchase certificates of deposit and investment certificates in any such institution. Of the total authorized bond issue of the Corporation \$300,000,000 shall be available for the purposes of this subsection, without discrimination in favor of Federally chartered associations, and bonds of the Corporation not exceeding such amount may be sold for the purposes of this subsection."

(b) Section 9 of the act entitled "An act to guarantee the bonds of the Home Owners' Loan Corporation, to amend the Home Owners' Loan act of 1933, and for other purposes", approved April 27, 1934, is hereby repealed.

Mr. BULKLEY. Mr. President, this amendment is offered to correct an error due to a misunderstanding in the committee report. It is also offered with the approval of the Chairman of the Banking and Currency Committee. The language which it is proposed to repeal by the amendment is the following:

The Home Owners' Loan Corporation is authorized to buy bonds or debentures of Federal home-loan banks upon such terms as may be agreed upon or to loan money to Federal home-loan banks upon such terms as may be agreed upon, but not to exceed \$50,000,000, shall be invested or advanced under this section.

The Home Owners' Loan Corporation has never used any of that authorization. In section 15, page 25, of the pending bill we have provided for the same authority and a little greater authority, and we have provided a fund of \$300,000,000 which is available for the purpose. I am sure all members of the committee thought, as I thought, that the \$300,000,000 was inclusive of all amounts which had heretofore been made available for that purpose; but by checking with the legislative counsel we found that we had failed to repeal that section of the act of April 27, 1934.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Ohio [Mr. BULKLEY] to the amendment of the committee.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. If there are no further amendments to be proposed, the question is on agreeing to the amendment of the committee as amended.

The amendment, as amended, was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

Mr. BULKLEY. I move that the Senate insist upon its amendment, ask for a conference with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. BULKLEY, Mr. WAGNER, Mr. BARKLEY, Mr. McADOO, Mr. TOWNSEND, and Mr. STEIWER conferees on the part of the Senate.

DETAILED REPORTS ON OCEAN MAIL CONTRACTS

Mr. BLACK. Mr. President, I desire to call up a resolution which I gave notice yesterday I should ask to have considered today.

Mr. ROBINSON. Mr. President, I suggest to the Senator from Alabama that the Senator from New York [Mr. COPENLAND] is not in the Senate Chamber at the present moment.

Mr. BLACK. I desire to give notice that at the earliest possible opportunity, the first day the Senate meets, I shall move, if necessary, to consider the resolution, the adoption of which will bring to the Senate the individual reports made by Postmaster General Farley on the subsidized ocean mail contracts. The Senate is entitled to have those facts; the country is entitled to have those facts; and it is my intention, at the first opportunity I can obtain the floor on the first day the Senate meets, to make a motion, if necessary, to that effect, which will include publishing the reports for the benefit of the people after they have been brought to the Senate.

TRADE COALITIONS AGAINST THE UNITED STATES

Mr. LEWIS. Mr. President, I make bold to call the attention of the Senate at this moment to a matter which is of great interest to those who are attracted to the policy of the reciprocity treaties as proposed by officers of the administration touching trade with the world, particularly in Europe.

I invite the attention of my fellow Senators to the fact that, while the administration is presenting a system extending its courtesies and generosity of trade to the principal nations of Europe, we are informed this morning from sources we cannot dispute that France and Russia have just concluded something of a treaty, ostensibly in the designation of peace, which openly and boldly arranges as between

themselves for preference of trade, while the officer of Russia gives the world to understand it is notice to the United States that it should view what is being done as a lesson.

At the same time, Mr. President, we are informed that Germany has entered into an understanding with Russia along the same lines as that which England has found agreeable for her commercial advantages to propose and then adopt as between herself and Russia.

It will be noted that the morning press informs us that England, for reasons of her own, speaking for Britain to the representatives who are assembled at Stresa, has withdrawn all form of strictures upon the policy of Germany, and has refused to allow anything to enter the conference which shall appear to have the endorsement of England touching criticism of the increased armament of Germany, if such criticism carries with it a judgment or any form of condemnation.

It may be that England sees that this is the safer and better method for harmony and for peace. Of that we have no complaint, nor even comment. But when I am compelled to see that, while this Government is extending the favor of its trade treaties to these great nations, in turn for what we felt would be an equal treatment to ourselves, and then see this morning the attitude of one of these great powers withdrawing all opposition to one against which it has been announcing opposition for consecutively 60 days, I cannot but behold that it is all in pursuit of the policy that these countries shall unite themselves in commercial favor between each other, to the discrimination of the United States.

We cannot have failed to have seen the statements as to the trade contracts and the trade compacts now made between France and Germany—something of a consummation devoutly to be wished as between those two countries—and particularly between France and England, and now between England and Russia, which compacts have for their purpose, sir, granting precedent rights of trade one to the other, while the spokesman for Russia does not hesitate to inform the country that these arrangements of special benefits, advantages, and precedences between these nations are for the purpose of serving warning upon the United States, indicating that we should likewise enter into that which is desired by these particular nations, without regard as to how it should affect us.

Mr. President, I wish to suggest to this honorable body that if we have gone so far as to register as a policy that whenever we grant trade favors by a treaty, say, as lately we did to Belgium, the same favors or advantages indicated by such treaty shall be regarded as being equally extended to all other countries upon the same basis, and those other countries at the same time make deliberate contracts and compacts addressed to discrimination against the United States, making it impossible for us to adhere to the doctrine of reciprocity with equal fairness and equal division as between nations, the time has come when this body should inform the world that, while we were pleased to grant to the President of the United States, in great confidence in his capacity and his patriotism, the right to enter into reciprocity treaties and withhold the necessity of submitting them to the United States Senate for approval, now if it shall be the course on the part of other governments, which we desire to favor upon equal terms, to turn about and punish us at every opportunity by discrimination against us, the hour may come when we shall resume the right on the part of this body to supervise such treaties, that we may grant them where we should to those who have granted equal favor and equal opportunity to us, but withhold them and denounce them if they have been made with those nations that turn about and enter into compacts to discriminate in trade against the United States.

For myself, sir, at this moment when I take the liberty to intrude upon the deliberations of this body, let me say that not until this news was lately brought to me did the real consequence of the actions appear, nor, until now, when I have seen the news in public print, have I observed that these nations have boldly advertised to the world that they

are giving notice to the United States that the favor as between themselves is intended as a means to serve notice on us.

I say, sir, that the time has come when we should serve notice on them that they will either keep faith, they will either live within the spirit and the policy which we have assumed to extend to them, or should they fail to do so, and constantly enter into compacts which shall discriminate against us by giving favor to those who likewise are in debt to the Government of the United States, none of whom will pay a dollar of the principal nor make provision for the interest, this honorable body reserves the right to resume the control of these treaties, and in the possession of its privileges under the Constitution withhold the power of extending them to nations which have assumed, sir, to discriminate against America.

The time has come, as I see it, when with the advance of every movement which looks like a discrimination against us, we should announce our discovery thereof, should make known our resentment, and should make plain at least, sir, that we will not accept such action in calm, supine surrender.

It is high time, in every instance and everywhere when any nation shall assume to do that which we would regard as unfair and unjust to us while we are extending every form of equity and opportunity to them, that we denounce the injustice; for this is the time, sir, and these are the days when the American must be for America; and in every instance where it appears that other countries which owe us proper deference decline to accede it, the United States Senate will resume the exercise of all its prerogatives and privileges to protect America and aid the President of the United States in carrying out his policies in honor, in fairness, and in justice.

ADJOURNMENT TO MONDAY

Mr. ROBINSON. I move that the Senate stand adjourned until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 3 o'clock and 2 minutes p. m.) the Senate adjourned until Monday, April 15, 1935, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

FRIDAY, APRIL 12, 1935

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, the world is Thy house; we rest in Thee, for Thou wilt not withdraw from Thy children. Though darkness is about Thy throne, yet here we stay our prayers. Pierced, bereft, and broken hearted, O come to our brothers in yonder section, who are struggling, staggering with trailing, engulfing clouds of famine, starvation, and death. In their shocking grief come from behind the lowering heavens; help them as the barren earth seems to reel beneath their homeless feet. O Comforter of the Most High, rise like a star in untroubled splendor above the lowlands of desolation. Let Thy light break through with tender voice and loving touch. Allow no swollen fears or chattering doubts to deny Him who faced His earthly Jerusalem. May they dissolve like the mountains through the haze at twilight. Heavenly Father, flood the hearts of the suffering ones with new life, new hopes, and a blessed prospect. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

ORDER OF BUSINESS

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent that business in order under clause 3 of rule XIII on Monday next; that business in order under clause 6 of rule XXIV on Tuesday next; and that business in order under clause 7 of rule XXIV on Wednesday next be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

CONGRESSIONAL INVESTIGATIONS

Mr. McSWAIN. Mr. Speaker, something like a week ago I obtained unanimous consent to extend my remarks in the RECORD and to place in the RECORD a list formulated by the Legislative Service of the Library of Congress of the various congressional investigations that have been had since and including the Sixty-seventh Congress through the Seventy-third Congress. When this was sent to the Printer it was ascertained that it contained more matter than is permissible under the standing rule.

Mr. Speaker, I now ask special authority from the House to extend my remarks and to include the whole amount, for the reason that I have a letter from the Director of the Legislative Reference Service, Mr. Meyer, to the effect that he has many requests for this matter, and it would be more economical to print it than to have a sufficient number of typewritten copies made to be distributed.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

Mr. RICH. Mr. Speaker, reserving the right to object, has the Public Printer made an estimate?

Mr. McSWAIN. Yes.

Mr. RICH. What is the estimate?

Mr. McSWAIN. The estimate is that it would cost \$900.

Mr. RICH. Mr. Speaker, I call attention of the membership of the House to the fact that when the Public Printer sends back these estimates they should be announced to the Members of the House. This one item alone will cost \$900, according to the estimate. This only takes into consideration those extensions that are over and above two pages, and when we think of the amount of the material that goes into the RECORD we can at once appreciate what the cost to the taxpayers of the country is. That is the reason we are trying to hold the RECORD down. I do not object to this request.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. McSWAIN. Mr. Speaker, I have often been impressed by the thought that one of the most important powers exercised by the Congress, or by either House of the Congress, is the investigation it conducts from time to time into the acts and doings of the executive departments in order to ascertain facts upon which to predicate remedial and corrective legislation. In order to have data regarding previous investigation available, some time ago I requested the Legislative Reference Service of the Library of Congress to compile for me a list of the various investigations by congressional committees conducted by authority of Congress, beginning with March 4, 1921, and going through the Seventy-third Congress.

This work was very thoroughly done, and, believing that it would be of great service to the other Members of Congress and to the country generally, I am offering to have the same published as a part of my remarks.

Mr. Speaker, I regard the Congress as the grand jury of inquest into all Federal matters. It is astounding how the tendency in the mere executive branches is toward violation of the law and misapplication of the funds and property of the Government. I am proud to say that this tendency is always checked before it goes to dangerous limits. But I am firm in the conviction that but for the fact that Congress does sit at least a part of each year, and does from time to time exercise its power of investigation into executive departments, these departments would finally degenerate into a degree of corruption that would finally overthrow the Government. It is not merely what Congress discovers that is the measure of the good done. It is the fact that Congress may investigate that restrains the ordinary impulse and tendency to corruption. But for this ever-present threat, there would undoubtedly be many more instances of the violation of duty and the breach of trust. Let us hope, however, that due to general enlighten-

ment and to a keener sense of public obligation, these examples of official wrongdoing may constantly diminish and that the duty of the Congress to investigate may be less frequently employed. But until such improved condition comes about, the Congress should not hesitate to turn on the light of publicity wherever there is even an appearance of wrongdoing.

INVESTIGATIONS BY CONGRESSIONAL COMMITTEES AUTHORIZED FROM MARCH 4, 1921, TO JUNE 18, 1934 (67TH CONG. THROUGH 73D CONG.)

Arranged by Congresses and under each Congress in the following order of authorization of the investigation: (1) Statutes; (2) concurrent or joint resolutions; (3) Senate and House resolutions, each in numerical order.

NOTE.—Additional data on expenditure may be found in a table at end of this statement. "Result" is practically restricted to hearings and reports. No election contests in the House of Representatives have been included in this compilation.

Sixty-seventh Congress—April 11, 1921—March 3, 1923

JOINT COMMITTEES

1. Subject: Fiscal relations between District of Columbia and the United States since July 1, 1874.
Committee: Select committee, joint.
Authorization: Act approved June 29, 1922 (42 Stat. 670-671).
Expenditure: \$20,000.

Result: Hearings held. Reports issued 1923. Investigations "as full and complete for all practical purposes as can ever be secured." Action recommended "that will definitely and finally set at rest existing contentions and conflicts between the District and Federal Governments." Surplus existed to the credit of District of Columbia (S. Doc. 301 and H. Doc. 603, 67th Cong., 4th sess. (ser. 8166, 8215)).

2. Subject: Limited membership of State banks and trust companies in Federal Reserve System.

Committee: Joint committee of inquiry.
Authorization: Agricultural Credits Act of 1923, section 506, approved March 4, 1923 (42 Stat. 1481-1482). House Joint Resolution 151 (68th Cong.), passed January 28, 1924 (43 Stat. 4).
Expenditure: Contingent fund of House and Senate.

Result: Hearings held before Committee on Banking and Currency.

3. Subject: Readjustment of salaries of officers and employees of Congress.

Committee: Select committee, joint.
Authorization: Act approved March 4, 1923 (42 Stat. 1560, sec. 10).
Expenditure: Not stated.

Result: Report issued January 3, 1924, with detailed table showing list of employees, their salaries and recommended compensation (S. Doc. 3 and H. Doc. 131, 68th Cong., 1st sess. (ser. 8255, 8273)).

4. Subject: Agricultural conditions.

Committee: Joint commission of agricultural inquiry.
Authorization: Senate Concurrent Resolution 4, passed June 7, 1921; House Concurrent Resolution 26, passed August 4, 1921; House Concurrent Resolution 38, passed December 14, 1921 (42 Stat. II, 1807, 1809, 1811).

Expenditure: Contingent fund of House and Senate.
Result: Hearings held. Report issued (1921-22) in four parts, on (1) agricultural crisis and its causes; (2) credit facilities; (3) transportation; (4) marketing and distribution (H. Rept. 408, 67th Cong., 1st sess. (ser. 7922)).

5. Subject: Pay of personnel of Army, Navy, Marine Corps, etc.

Committee: Select committee, joint.
Authorization: Senate Concurrent Resolution 11, passed November 1, 1921 (42 Stat. II, 1810, sec. 13).
Expenditure: Contingent fund of House and Senate.

Result: No reports nor hearings located.

6. Subject: Employment for Federal prisoners.

Committee: Joint committee.
Authorization: House Concurrent Resolution 53, passed March 2, 1923 (42 Stat. II, 1820).

Expenditure: Contingent fund of House and Senate, not exceeding \$2,000.

Result: Hearings held. Report submitted December 6, 1923, including hearings, memorandum, and recommended bill to equip Leavenworth Penitentiary for the manufacture of Government supplies, compensation to prisoners, etc. (S. Rept. 1, 68th Cong., 1st sess. (ser. 8222)).

SENATE COMMITTEES

7. Subject: Agricultural products, particularly rice.

Committee: Agriculture and Forestry, Senate.
Authorization: Senate Resolution 56, agreed to May 5, 1921.
Expenditure: Contingent fund of Senate, not exceeding \$10,000.

Result: No reports nor hearings located.

8. Subject: Bureaus and agencies of Government dealing with World War veterans.

Committee: Select committee, Senate.
Authorization: Senate Resolution 59, agreed to June 9, 1921; Senate Resolution 93 agreed to June 23, 1921.
Expenditure: Contingent fund of Senate; estimated amount \$1,000 to \$2,500.

Result: Report made February 27, 1923. Committee unable to enter into merits of case, but charges are sufficiently serious to

merit thorough investigation. Passage of Senate Joint Resolution 288, for establishing a select committee, or a Senate resolution prolonging life of then present committee, is recommended (S. Rept. 1239, 67th Cong., 4th sess. (serial 8156)); see also S. Res. 466 below).

9. Subject: Capt. Edmund G. Chamberlin, United States Marine Corps.

Committee: Naval Affairs, Senate.
Authorization: Senate Resolution 70, agreed to June 21, 1921; Senate Resolution 25 (68th Cong.), agreed to January 8, 1924.

Expenditure: Not stated.
Result: Hearings held.

10. Subject: Expenditures for propaganda and lobbies in Washington.

Committee: Judiciary, Senate.
Authorization: Senate Resolution 77, agreed to December 8, 1921.

Expenditure: Not stated.
Result: Hearings held.

11. Subject: Remarks of Admiral Sims in London.

Committee: Naval Affairs, Senate.
Authorization: Senate Resolution 89, agreed to June 9, 1921.

Expenditure: Not stated.
Result: No report nor hearings located.

12. Subject: National Grain Dealers Association.

Committee: Agriculture, Senate.
Authorization: Senate Resolution 110, agreed to August 22, 1921.

Expenditure: No expense anticipated.
Result: Hearings held.

13. Subject: Haiti and Dominican Republic.

Committee: Select committee, Senate.
Authorization: Senate Resolution 112, agreed to July 27, 1921.

Expenditure: Contingent fund of Senate.
Result: Hearings held. Report submitted June 26, 1922. Many recommendations made relative to Haiti—appointment of advisor to high commissioner and a commission of three, etc. Report on Dominican Republic deferred in view of negotiations in progress between State Department and Dominican leaders (S. Rept. 794, 67th Cong., 2d sess. (ser. 7954)).

14. Subject: Federal Reserve System and Office of Comptroller of the Currency.

Committee: Banking and Currency, Senate.
Authorization: Senate Resolution 115, agreed to April 10, 1922.

Expenditure: Contingent fund of Senate.
Result: No reports nor hearings located.

15. Subject: Examining Division, Civil Service Commission.

Committee: Select committee, Senate; five members of Civil Service Committee.

Authorization: Senate Resolution 199, agreed to January 19, 1922.

Expenditure: Contingent fund of Senate.

Result: Hearings held. Report submitted July 25, 1922. Committee believes Civil Service Commission and its Examining Division have been free from political bias or prejudice, uninfluenced from the outside; mistakes made are surprisingly few; work is conscientiously done, and preference to ex-service men carefully observed (S. Rept. 836, 67th Cong., 2d sess. (ser. 7954)).

16. Subject: Officers of Naval Air Service and members of Naval Reserve Flying Corps.

Committee: Naval Affairs, Senate.
Authorization: Senate Resolution 200, agreed to December 22, 1921.

Expenditure: Not stated.
Result: Hearings held April 6-24, 1922.

17. Subject: Proposed modification of consent decree in Packers' case.

Committee: Agriculture and Forestry, Senate.
Authorization: Senate Resolution 211, agreed to February 3, 1922.

Expenditure: Not stated.
Result: Hearings held.

18. Subject: Muscle Shoals, visit to investigate advisability of completing power plants.

Committee: Agriculture and Forestry, Senate.
Authorization: Senate Resolution 238, agreed to February 24, 1922.

Expenditure: Contingent fund of Senate, \$2,000.
Result: No reports nor hearings located.

19. Subject: Claims of Hoboken, N. J., relative to occupation of certain docks by United States.

Committee: Select committee, Senate; three members of Committee on Commerce.

Authorization: Senate Resolution 254, agreed to June 29, 1922.

Expenditure: Contingent fund of Senate.
Result: Hearings held July 15 and August 8, 1922.

20. Subject: Night work in the Post Office Department.

Committee: Post Offices and Post Roads, Senate.
Authorization: Senate Resolution 259, agreed to March 28, 1922.

Expenditure: Not stated.
Result: Hearings held. Report submitted June 30, 1922. Post Office Department has not yet submitted all the information desired, and no definite recommendation for legislation is made. Committee believes much unnecessary night work is being done, but the Department will find a way to eliminate it. If necessary, additional compensation should be given or reduction made in day hours (S. Rept. 799, 67th Cong., 2d sess. (ser. 7951)).

21. Subject: Leases on naval oil reserves, nos. 1 and 2, in California and Wyoming.

Committee: Public Lands and Surveys, Senate.

Authorization: Senate Resolutions 277, 282, 294, 434, agreed to April 15, April 21, June 5, 1922, and February 5, 1923.

Expenditure: Contingent fund of Senate.

Result: Extensive hearings held. Interim reports submitted June 6, 1924 (S. Rept. 794, 68th Cong., 1st sess. (ser. 8223)). Suits ordered instituted and prosecuted. "Consider * * * the millions of dollars that were recovered by the Government, as well as the vast and valuable resources worth hundreds of millions returned to the Government as a result of the naval oil-lease investigation * * * (Hon. GERALD P. NYE, CONGRESSIONAL RECORD, vol. 77, p. 4183.) (See also later Congresses.)

22. Subject: Crude oil and gasoline markets, conditions in 1920, 1921, and 1922.

Committee: Manufactures, Senate.

Authorization: Senate Resolution 292, agreed to May 13, 1922; Senate Resolution 295, agreed to June 5, 1922.

Expenditure: Contingent fund of Senate.

Result: Report submitted August 25, 1922, includes tabular statements of stocks and prices of crude oil and petroleum products (S. Rept. 877, 67th Cong., 2d sess. (ser. 7954)).

Report submitted March 3 (calendar day, Mar. 4), 1923, presenting general and detailed material answering questions in resolution—stocks, prices, profits, etc.

Remedies suggested, relative to oil industry, oil-company reports and accounts, pipe lines, freight rates, petroleum exportation, prices, and possible court action. (S. Rept. 1263, 67th Cong., 4th sess. (ser. 8156)).

23. Subject: Cotton supply, demand, and marketing.

Committee: Agriculture and Forestry, Senate.

Authorization: Senate Resolution 336, agreed to September 8, 1922.

Expenditure: Committee instructed to use such agencies as are necessary.

Result: Senate resolution 429 reported from the committee, and agreed to January 31, 1923, ordered the investigation to be made by the Federal Trade Commission.

24. Subject: Crop insurance.

Committee: Select committee, three Senators.

Authorization: Senate Resolution 341, agreed to September 9, 1922; Senate Resolution 413, agreed to January 24, 1923.

Expenditure: Contingent fund of Senate.

Result: Hearings held April 24-27, 1923.

25. Subject: Reforestation.

Committee: Select committee, 5 Senators.

Authorization: Senate Resolution 393, agreed to January 22, 1923.

Expenditure: Contingent fund of Senate.

Result: Hearings held November 7-23, 1923. Report submitted January 10, 1924, stating conditions and recommending legislation (S. Rept. 28, 68th Cong., 1st sess. (ser. 8222)).

26. Subject: Problem of 9-foot channel in Great Lakes, Gulf of Mexico Waterway.

Committee: Select committee, five Senators.

Authorization: Senate Resolution 411, agreed to January 25, 1923.

Expenditure: Contingent fund of Senate.

Result: Hearings held. Report submitted February 3 (calendar day, Feb. 4), 1925, with findings and recommendation that committee be continued in Sixty-ninth Congress. Construction of channel held advisable (S. Rept. 995, 68th Cong., 2d sess. (ser. 8389)).

27. Subject: Traffic conditions in Washington, D. C.

Committee: District of Columbia, Senate.

Authorization: Senate Resolution 419, agreed to March 3, 1923.

Expenditure: Not stated.

Result: Hearings held before subcommittee, November 5-December 20, 1923. Report submitted January 22, 1924, unanimously recommending traffic court, increased number of police, and certain other traffic regulations (S. Rept. 84, 68th Cong., 1st sess. (ser. 8222)).

28. Subject: United States Veterans' Bureau, alleged irregularities and mismanagement.

Committee: Select committee, Senate. Committee appointed under Senate Resolution 59.

Authorization: Senate Resolution 439, agreed to February 12, 1923.

Expenditure: Not stated.

Result: S. Rept. 1239, Sixty-seventh Congress, fourth session, same as for Senate Resolution 59 (q. v.) (ser. 8156).

29. Subject: United States Veterans' Bureau, leases and contracts.

Committee: Special committee, three Senators, Members of Sixty-eighth Congress.

Authorization: Senate Resolution 466, agreed to March 2, 1923; Senate Resolution 96 (68th Cong.), agreed to January 10, 1924.

Expenditure: Contingent fund of Senate; not exceeding \$20,000. Additional expenditures authorized; not exceeding \$26,500.

Result: Hearings held October 22 to December 5, 1923. Preliminary reports submitted in January, February, and June 1924, recommending codification of laws (bill introduced), substantial changes in law (enumerated), and permanent congressional committee on veterans' legislation (Rept. 103, 68th Cong., 1st sess. (ser. 8222)).

30. Subject: Gold and silver inquiry.

Committee: Gold and Silver Inquiry Commission, Senate.

Authorization: Senate Resolution 469, agreed to March 3, 1923.

Expenditure: Contingent fund of Senate.

Result: Field hearings held. A number of reports and studies issued. Progress report submitted February 1, 1924 (S. Doc. 38, 68th Cong., 1st sess. (ser. 8253)).

HOUSE COMMITTEES

31. Subject: Escape of Grover Cleveland Bergdoll.

Committee: Select committee, House.

Authorization: House Resolution 12, agreed to April 18, 1921.

Expenditure: Contingent fund of House, not exceeding \$10,000.

Result: Hearings held. Report submitted. Committee procured facts; believes conspiracy existed to effect escape, and that there was dereliction of duty by officers and others specifically named. (H. Rept. 354, 67th Cong., 1st sess. (ser. 7921)).

32. Subject: Trip to Muscle Shoals and Gorgas, Ala., to investigate advisability of completing same.

Committee: Military Affairs, House.

Authorization: House Resolution 300, agreed to March 17, 1922.

Expenditure: Contingent fund of House; not exceeding \$2,000.

Result: No reports nor hearings located.

Sixty-eighth Congress—December 3, 1923—March 3, 1925

JOINT OR STATUTORY COMMITTEES

1. Subject: Northern Pacific land grants.

Committee: Joint committee.

Authorization: Public Resolution No. 24, approved June 5, 1924 (43 Stat. 462, sec. 3).

Expenditure: Appropriation of \$50,000 (43 Stat. 673).

Result: Very extensive hearings held, printed 1924 to 1928. Reports issued from time to time in connection with bills presented to various Congresses on proposals for legislation relative to Northern Pacific Railway (S. Rept. 1603 and H. Rept. 2164 (69th Cong., 2d sess.); S. Rept. 1845 and H. Rept. 2628 (70th Cong., 2d sess.); H. Rept. 2 (71st Cong., 2d sess.)).

2. Subject: George W. English, Illinois district judge, official conduct.

Committee: Judiciary, House.

Authorization: Public Resolution No. 67, approved March 3, 1925 (43 Stat. 1258).

Expenditure: Contingent fund of House, not exceeding \$5,000.

Result: Hearings held. Reports issued December 19, 1925, and March 25, 1926, finding charges sustained. House report included resolution and articles of impeachment (H. Doc. 145 and H. Rept. 653, 69th Cong., 1st sess. (ser. 8578, 8536)). Impeachment proceedings held, judge resigned, and proceedings were dismissed.

SENATE COMMITTEES

3. Subject: Bureau of Efficiency, annual cost.

Committee: Expenditures in Executive Departments, Senate.

Authorization: Senate Resolution 31, agreed to December 11, 1923.

Expenditure: No outlay anticipated.

Result: No hearings nor reports located.

4. Subject: Medical education, abuses.

Committee: Education and Labor, Senate.

Authorization: Senate Resolution 61, agreed to December 19, 1923.

Expenditure: Not stated.

Result: Hearings held. No report located.

5. Subject: Senatorial election in Texas, alleged unlawful practices (Earle B. Mayfield).

Committee: Privileges and Elections, Senate.

Authorization: Senate Resolution 97, agreed to January 3, 1924.

Expenditure: Contingent fund of Senate.

Result: Hearings held. Report submitted February 2, 1925, recommending that contest be dismissed and protest against Senator Mayfield be overruled (S. Rept. 973, 68th Cong., 2d sess. (ser. 8389)).

6. Subject: Organized effort to control Congress by propaganda or other unfair methods.

Committee: Special committee, Senate.

Authorization: Senate Resolution 107, agreed to January 17 and 21, 1924.

Expenditure: Contingent fund of Senate.

Result: No hearings nor reports located.

7. Subject: Fraudulent dealings in specified lands.

Committee: Post Offices and Post Roads, Senate.

Authorization: Senate Resolution 133, agreed to February 13, 1924.

Expenditure: Contingent fund of Senate.

Result: No hearings nor reports located.

8. Subject: Naval oil-reserve leases.

Committee: Public Lands and Surveys, Senate.

Authorization: Senate Resolution 147, agreed to February 7, 1924. (See also S. Res. 282, 67th Cong.)

Expenditure: Contingent fund of Senate.

Result: Hearings held. Report submitted March 4, 1924, holding Harry F. Sinclair in contempt (H. Rept. 299, 68th Cong., 1st sess. (ser. 8220)). Report submitted June 6, 1924, listing pertinent resolutions of the Sixty-seventh and Sixty-eighth Congresses under which the committee acted, briefly outlining history of leases, Executive order, Fall's financial transactions, incidental inquiries, and reserving to a later date, recommendations for legislation (S. Rept. 794, 68th Cong., 1st sess. (ser. 8223)).

9. Subject: Claims of Honolulu Consolidated Oil Co. to oil lands in naval reserve no. 2.

Committee: Public Lands and Surveys, Senate.

Authorization: Senate Resolution 151, agreed to February 8, 1924; Senate Resolution 356, agreed to March 4, 1925.

Expenditure: Contingent fund of Senate.

Result: No hearings nor reports located.

10. Subject: Attorney General, Department of Justice.
Committee: Select committee, Senate.

Authorization: Senate Resolution 157, agreed to March 1, 1924; Senate Resolution 183, agreed to March 4, 1924; Senate Resolution 189, agreed to March 14, 1924.

Expenditure: Not stated.

Result: Hearings held. Report submitted April 24 (calendar day Apr. 26), 1924, relative to M. S. Daugherty in contempt of authority of the committee (S. Rept. 475, 68th Cong., 1st sess. (ser. 8221)).

11. Subject: District of Columbia, housing and rental conditions.
Committee: District of Columbia, Senate.

Authorization: Senate Resolution 158, agreed to February 28, 1924; Senate Resolution 203, agreed to April 7, 1924.

Expenditure: Contingent fund of Senate, not exceeding \$7,500.

Result: Surveys made. Report giving many details, submitted May 12, 1924 (S. Rept. 530, 68th Cong., 1st sess. (ser. 8223)).

12. Subject: Misleading estimates as to cost of bonus.

Committee: Finance, Senate.

Authorization: Senate Resolution 164, agreed to February 19, 1924.

Expenditure: Not stated.

Result: No hearings nor reports located.

13. Subject: Bureau of Internal Revenue.

Committee: Select committee, Senate.

Authorization: Senate Resolution 168, agreed to March 12, 1924; Senate Resolution 211, agreed to May 6, 1924; Senate Resolution 333, agreed to February 26, 1925.

Expenditure: Contingent fund of Senate.

Result: Hearings held. Report issued in three parts, January and February 1926, outlining scope of investigation, administration of prohibition laws, income and estates taxes. Suggestions made for remedial legislation, leaving final framing of legislative program to Finance Committee (S. Rept. 27, 69th Cong., 1st sess. (ser. 8529)).

14. Subject: Senator BURTON K. WHEELER, charges against, in indictment in a Montana court.

Committee: Select committee, Senate.

Authorization: Senate Resolution 206, agreed to April 9, 1924; Senate Resolution 207, agreed to April 9, 1924.

Expenditure: Contingent fund of Senate.

Result: Hearings held. Report submitted May 14, 1924. Committee wholly exonerated Senator WHEELER from any and all violations of section 1782 of Revised Statutes (S. Rept. 537, 68th Cong., 1st sess. (ser. 8223)).

15. Subject: War Finance Corporation, loans and advances in Idaho.

Committee: Special committee, Senate.

Authorization: Senate Resolution 208, agreed to June 7, 1924.

Expenditure: Contingent fund of Senate.

Result: Hearing held. Report issued March 9, 1925, presenting evidence and deductions therefrom, showing that War Finance Corporation made special effort to serve Idaho in matter of loans, Senator Gooding and related interests did receive loans, but they were repaid with interest, and they did not curtail opportunities of others in Idaho to secure funds (S. Rept. 1, 69th Cong., special sess. (ser. 8527)).

16. Subject: Campaign expenditures in Presidential elections.

Committee: Special committee, Senate.

Authorization: Senate Resolution 248, agreed to June 7, 1924.

Expenditure: Contingent fund of Senate.

Result: Hearings held. Report submitted February 3 (calendar day, Feb. 12), 1925, giving campaign expenditures in detail, and including text of a recommended Federal corrupt practices act (S. Rept. 1100, 68th Cong., 2d sess. (ser. 8389)).

17. Subject: Farmers' losses on account of wheat-price fixing by Government during World War.

Committee: Agriculture and Forestry, Senate.

Authorization: Senate Resolution 249, agreed to June 7, 1924.

Expenditure: Contingent fund of Senate.

Result: No hearings nor reports located, on Senate Resolution 249, but there were hearings before the House Committee on Agriculture, on two bills, S. 2480 and H. R. 7062, to refund losses sustained through price fixing in 1917, 1918, 1919.

18. Subject: Tricounty project in Nebraska.

Committee: Irrigation and Reclamation, Senate.

Authorization: Senate Resolution 251, agreed to June 7, 1924.

Expenditure: Contingent fund of House; \$300.

Result: No hearings nor reports located (although hearings were held in 1925 on related bill).

19. Subject: Colorado River Basin, proposed legislation relative to development.

Committee: Irrigation and Reclamation, Senate.

Authorization: Senate Resolution 320, agreed to February 26, 1925.

Expenditure: Contingent fund of Senate.

Result: No reports nor hearings located (although hearings were held on related bills).

20. Subject: National Forests and the Public Domain.

Committee: Public Lands and Surveys, Senate.

Authorization: Senate Resolution 347; agreed to March 4, 1925 (S. Res. 82, 159, 69th Cong.).

Expenditure: Contingent fund of Senate.

Result: Extensive hearings relative to various States, national parks, and Indian reservations. No report located.

HOUSE COMMITTEES

21. Subject: United States Shipping Board and Emergency Fleet Corporation.

Committee: Select committee, House.

Authorization: House Resolution 186, agreed to March 4, 1924; House Resolution 212, agreed to March 18, 1924.

Expenditure: Not stated.

Result: Hearings held 1924-25. Report submitted that the inquiry had dealt with 40 major subjects, besides various subtopics and collateral subjects. Recommendations were made relative to future policy of the Shipping Board and the Emergency Fleet Corporation, sale of ships, and ship subsidies. Retention of the Board was favored (H. Rept. 2, 69th Cong., 1st sess. (ser. 8535)).

22. Subject: United States air services, Army, Navy, mail.

Committee: Select committee, House.

Authorization: House Resolution 192, agreed to March 24, 1924; House Resolution 243, agreed to April 22, 1924.

Expenditure: Contingent fund of House; not exceeding \$25,000.

Result: Hearings held, six volumes of printed records. Report made December 14, 1925, with 23 recommendations, including a single department of national defense, an Under Secretary of Air in the Department of Commerce, and provision by law for the regulation of flying (H. Rept. 1653, 68th Cong., 2d sess. (ser. 8391)).

23. Subject: Bribery of two Members of Congress, alleged charges against Representatives John W. Langley and Frederick N. Zihlman.

Committee: Select committee, House.

Authorization: House Resolution 217, agreed to March 12, 1924; House Resolution 251, agreed to April 22, 1924.

Expenditure: Not exceeding \$10,000.

Result: Hearings held. Report submitted May 15, 1924, that Representative Langley had been indicted, tried, convicted, and sentenced, and would take no part in House debates. Conflicting testimony was presented regarding Representative Zihlman; charges were not proved, and it was recommended no further action be taken (H. Rept. 659, 68th Cong., 1st sess. (ser. 8232)).

24. Subject: Government securities—preparation, distribution, sale, destruction, etc.

Committee: Special committee, House.

Authorization: House Resolution 231, agreed to March 24, 1924; House Resolution 239, agreed to April 4, 1924.

Expenditure: Contingent fund of House; not exceeding \$10,000.

Result: Report made March 2, 1925, that there had been duplication and falsification of bonds, neglect of legal remedies, destruction of bonds in haste and in violation of law, questionable methods of handling with substantial losses to the Government. Evidence was presented with the recommendation for immediate restoration of the examining, comparing, and recording of coupons (H. Rept. 1635, 68th Cong., 2d sess. (ser. 8392)).

25. Subject: William E. Baker, West Virginia judge, official conduct.

Committee: Judiciary, House.

Authorization: House Resolution 325, agreed to May 22, 1924; House Resolution 336, agreed to June 7, 1924.

Expenditure: Contingent fund of House; not exceeding \$2,500.

Result: Hearing held. Report submitted February 10, 1925, that after examining many witnesses and much documentary evidence, the committee believed William E. Baker not guilty of acts which are high crimes and misdemeanors. Recommendation made that articles of impeachment be not directed against him (H. Rept. 1443, 68th Cong., 2d sess. (ser. 8392)).

26. Subject: Soldiers' hospitals and homes.

Committee: World War Veterans' Legislation, House.

Authorization: House Resolution 351, agreed to June 7, 1924; House Resolution 370, agreed to December 18, 1924.

Expenditure: Contingent fund of House.

Result: No hearings nor reports located.

27. Subject: Bankruptcy laws of the United States; examination to suggest amendments and improvement in administration.

Committee: Judiciary, House (subcommittee).

Authorization: House Resolution 353, agreed to June 6, 1924.

Expenditure: Not stated.

Result: No reports nor hearings located (although there were hearings on bills to amend the bankruptcy laws).

28. Subject: National Disabled Soldiers' League.

Committee: Select committee, House.

Authorization: House Resolution 412, agreed to January 24, 1925; House Resolution 419, agreed to January 28, 1925.

Expenditure: Contingent fund of House; not exceeding \$1,000.

Result: Hearings held. Report submitted March 3, 1925, with recommendation for amendment of District of Columbia Code to protect public against unscrupulous solicitation of funds and more stringent regulation of charitable organizations; also that the Department of Justice be asked to present the facts developed to the grand jury for action (H. Rept. 1638, 68th Cong., 2d sess. (ser. 8392)).

Sixty-ninth Congress—December 7, 1925—March 3, 1927

JOINT COMMITTEES

1. Subject: Muscle Shoals: Negotiations for leasing nitrate and power properties at Muscle Shoals, Ala., and quarry properties at Waco, Ala.

Committee: Joint committee, 3 members from Senate Committee on Agriculture and Forestry and 3 from House Committee on Military Affairs.

Authorization: House Concurrent Resolution 4, passed March 18, 1926; Senate Concurrent Resolution 4, passed May 20, 1926 (44 Stat. III, 1977-78, 1982).

Expenditure: Contingent funds of House and Senate; not exceeding \$5,000, one-half from fund of each House.

Result: Hearings held. Reports issued to House and Senate in April 1926, giving findings, copies of bids and proposals received; also bill to carry into effect the committee's recommendations that the proposal of the Muscle Shoals Power Distributing Co. and Muscle Shoals Fertilizer Co. be accepted. Reasons for the recommendation are presented in detail. (Neither S. 4106 nor H. R. 11602, the committee's bill, were passed. Only the debate stage was reached in the 69th Cong.) (S. Rept. 672, 69th Cong., 1st sess. (ser. 8525); or H. Rept. 890, 69th Cong., 1st sess. (ser. 8533).)

NOTE.—See end of statement.

SENATE COMMITTEES

2. Subject: Senatorial election contest in New Mexico, *Bursum v. Bratton*.

Committee: Privileges and Elections, Senate.

Authorization: Senate Resolution 19, agreed to March 10, 1925.

Expenditure: Contingent fund of Senate.

Result: Report submitted April 29 (calendar day, Apr. 30), 1926, giving details of work done, and presenting Senate Resolution 215, declaring Sam G. Bratton elected (S. Rept. 724, 69th Cong., 1st sess. (ser. 8528)).

1-A. Subject: Internal-revenue taxation and its administration by the Bureau of Internal Revenue.

Committee: Joint Committee on Internal Revenue Taxation.

Authorization: Revenue Act of 1926, approved February 26, 1926 (44 Stat. II, 127, sec. 1203); Senate Resolution 264 (72d Cong.), agreed to July 11, 1932.

Expenditure: Contingent fund of Senate and House, one-half from each, no amount named. Members of committee serve without compensation, but are reimbursed for expenditures on travel, subsistence, etc., other than those connected with District of Columbia meetings.

Result: Hearings. Investigations and study have resulted in many reports, such as the following: Seventieth Congress: House Document 139, operations of the committee; Senate Document 157, payment of taxes in view of disclosures; Seventy-first Congress: House Document 43, tax refunds; House Document 478, refunds and credits of taxes. Seventy-second Congress: House Document 223, refunds of internal-revenue taxes; House Document 535, refunds and credit of internal-revenue taxes; Senate Document 138, taxes and penalties paid into Treasury consequent upon disclosures for oil-reserve leases.

3. Subject: Senatorial election contest in Minnesota, *Johnson v. Schall*.

Committee: Privileges and Elections, Senate.

Authorization: Senate Resolution 20, agreed to March 10, 1935.

Expenditure: Contingent fund of Senate.

Result: Hearings held (S. Doc. 158, 68th Cong., 1st sess. (ser. 8553)). Report submitted June 7 (calendar day June 8), 1926, giving committee findings, recommending the overruling of the protest, and presenting Senate Resolution 243, declaring Thomas D. Schall to be duly elected (S. Rept. 1021, 69th Cong., 1st sess. (ser. 8528)).

4. Subject: Senatorial election contest in Iowa, *Steck v. Brookhart*.

Committee: Privileges and Elections, Senate.

Authorization: Senate Resolution 21, agreed to March 10, 1925.

Expenditure: Contingent fund of Senate.

Result: Hearings held. Report submitted March 27 (calendar day Mar. 29), 1926, with evidence, number of votes, etc. The committee found a plurality for Brookhart irrespective of votes that could not be counted for him, and declared he was entitled to the seat in the Senate (S. Rept. 498, 69th Cong., 1st sess. (ser. 8527)).

5. Subject: Alien property custodian and administration of his office.

Committee: Select committee, five Senators.

Authorization: Senate Resolution 71, agreed to July 3, 1926.

Expenditure: Not stated.

Result: No hearings nor reports located. In December of 1926, the President transmitted to the Senate a copy of a report made by the Comptroller General to the President on his investigation of the administration of the office of the Alien Property Custodian (S. Doc. 182, 69th Cong., 2d sess. (ser. 8696)).

6. Subject: Prosecution of the Aluminum Co. of America by the Department of Justice.

Committee: Judiciary, Senate.

Authorization: Senate Resolution 109, agreed to January 6, 1926.

Expenditure: Not stated.

Result: Hearings held. Report submitted February 15 and 18, 1926, in three parts, the majority view being that there had been lack of diligence in the prosecution. Recommendation was made that the committee be empowered to investigate further (S. Rept. 117, 69th Cong., 1st sess. (ser. 8527)).

7. Subject: Coal situation in the District of Columbia.

Committee: District of Columbia, Senate.

Authorization: Senate Resolution 137, agreed to February 5, 1926.

Expenditure: Contingent fund of the Senate.

Result: Hearings held. Report submitted January 8, 1927, concerning conditions. Facts presented, but no recommendations for

legislation to prevent recurrence of conditions existing in the coal strike of 1925-26, although it was hoped that the report, supplemented by information in the printed hearings and in the auditors' detailed findings, would be of practical value in framing future legislation (S. Rept. 1229, 69th Cong., 2d sess. (ser. 8686)).

8. Subject: Administration of flexible tariff, and appointment of members of Tariff Commission.

Committee: Select committee, Senate.

Authorization: Senate Resolution 162, agreed to March 11, 1926; Senate Resolution 178, agreed to March 22, 1926; Senate Resolutions 357, 358, agreed to February 17, 1927.

Expenditure: Contingent fund of Senate, not exceeding \$10,000.

Result: Voluminous hearings, 11 parts. Report submitted May 28 (calendar day May 29), 1928, presenting as part of the report the evidence obtained, in 1,461 pages of printed matter, also an adequate index. There is given a brief summary of Tariff Commission history and the flexible provision of the Tariff Act of 1922. The committee recommended (1) repeal of the flexible provisions of the act, giving reasons to support their recommendation; and (2) making the Tariff Commission a congressional agency, reporting directly to the two Houses of Congress, "to relieve the President of acting on the Commission's reports, and to restore tariff rate making to the legislative branch of the Government" (S. Rept. 1325, 70th Cong., 1st sess. (ser. 8833)).

9. Subject: Senatorial campaign expenditures.

Committee: Special committee, Senate.

Authorization: Senate Resolution 195, agreed to May 19, 1926; Senate Resolution 227, agreed to June 3, 1926; Senate Resolution 258, agreed to June 30, 1926; Senate Resolution 10 (70th Cong.), agreed to December 12, 1927.

Expenditure: Contingent fund of Senate; not exceeding \$65,000 (originally \$10,000 but later increased to \$50,000, and still later augmented by \$15,000).

Result: Hearings held, including some in the field—Oregon, Washington, Kansas City, and Arizona. Reports rendered in December 1926 and February 1927, on situation and expenditures in Illinois, Pennsylvania, Oregon, Washington, Arizona—Smith candidacy and Insull contributions in Illinois, and Pepper-Fisher campaign in Pennsylvania are given detailed accounts. It was recommended that Samuel Insull, Daniel T. Schuyler, and Thomas O. Cunningham be held in contempt of the committee for refusing desired information. Later the first two named reappeared and gave the committee additional information, duly reported to Senate (S. Rept. 1197, 69th Cong., 2d sess. (ser. 8686); S. Rept. 603, 70th Cong., 1st sess. (ser. 8832)).

10. Subject: Change in boundaries of Yellowstone National Park and certain other parks.

Committee: Public Lands and Surveys, Senate.

Authorization: Senate Resolution 237, agreed to July 2, 1926.

Expenditure: Contingent fund of Senate, not exceeding \$3,500.

Result: Hearing held. Report submitted March 2 (calendar day Mar. 4), 1927, recommending changing all boundaries as proposed by President's coordinating commission, with further change in the southwest boundary of Yellowstone Park as set forth in an accompanying amendment intended to be proposed to S. 3427, to create an irrigation reservoir in that section (S. Rept. 1714, 69th Cong., 2d sess. (ser. 8687)).

11. Subject: Location of Sand Island in the Columbia River, in the State of Oregon or in the State of Washington.

Committee: Public Lands and Surveys, Senate.

Authorization: Senate Resolution 250, agreed to July 2, 1926.

Expenditure: Contingent fund of Senate; not exceeding \$3,000.

Result: Hearings and examination in Oregon and Washington. Report submitted March 2, 1927, with finding that Sand Island belongs to Oregon, and belief that Oregon should have jurisdiction and control. It was recommended that proceeds of the United States from leasing the island for fishing, should be given to Oregon. Passage of S. 3501 and S. 4324 recommended (S. Rept. 1697, 69th Cong., 2d sess. (ser. 8687)).

12. Subject: Action of Interstate Commerce Commission in refusing to suspend certain tariff rates on the Santa Fe Railroad.

Committee: Interstate Commerce, Senate.

Authorization: Senate Resolution 272, agreed to July 2, 1926.

Expenditure: Not stated.

Result: No hearings nor reports located.

13. Subject: Charges against Arthur R. Gould.

Committee: Privileges and Elections, Senate.

Authorization: Senate Resolution 278, agreed to December 7, 1926; Senate Resolution 296, agreed to January 3, 1927.

Expenditure: Contingent fund of Senate, not exceeding \$5,000.

Result: Hearings held. Report submitted March 2 (calendar day, Mar. 4), 1927, finding Mr. Gould free from fraud in the matter, the transaction investigated had no relation to his selection as a senatorial candidate in Maine, it occurred many years earlier, he is a man of good character, and the committee recommended no further action in the matter, and confirmation of his right to a seat in the Senate. (S. Rept. 1715, 69th Cong., 2d sess. (ser. 8687)).

14. Subject: Matters relating to contract between Fred Herrick and the United States Forest Service for the purchase of certain timber in the Malheur National Forest.

Committee: Public Lands and Surveys, Senate.

Authorization: Senate Resolution 332, agreed to January 31, 1927.

Expenditure: Contingent fund of Senate, not exceeding \$3,000.

Result: Hearings held. Report submitted March 2 (calendar day, Mar. 3), 1927, with definite recommendations about the financial arrangements to be made by Mr. Herrick, the work to be done in cutting timber and completing sawmill at Burns, Ore., also

relative to a railroad to be open for freight and passenger traffic from Burns or Seneca (S. Rept. 1695, 69th Cong., 2d sess. (ser. 8687)).

15. Subject: Alleged lobbying activities in connection with H. R. 2, the so-called "Pepper-McFadden banking bill."
Committee: Banking and Currency, Senate.
Authorization: Senate Resolution 355, agreed to March 4, 1927.
Expenditure: Contingent fund of Senate; not exceeding \$2,500.
Result: No hearings nor reports located.

HOUSE COMMITTEES

16. Subject: Charges against Representative John W. Langley.
Committee: Select committee, House.
Authorization: House Resolution 41, agreed to December 9, 1925.
Expenditure: Not stated.
Result: No hearings found. Report submitted December 22, 1925, on conviction and sentence of John W. Langley, and his petition for writ of certiorari. Committee did not ask discharge, but leave to report further if petition should be refused. Mr. Langley was not participating in affairs of House (H. Rept. 30, 69th Cong., 1st sess. (ser. 8535)). Petition for certiorari was refused. Mr. Langley resigned January 11, 1926. (CONGRESSIONAL RECORD, vol. 67, p. 1861.)

17. Subject: Government of the District of Columbia.
Committee: District of Columbia, House.
Authorization: House Resolution 350, agreed to February 1, 1927.
Expenditure: Contingent fund of House; not exceeding \$2,500.
Result: Hearings held. The greater part deal with charges against Mr. Fenning and the operation of St. Elizabeths Hospital. Volume 2 includes a preliminary report of a subcommittee, and hearings held by the Efficiency Bureau on traffic-signal equipment furnished by Crouse Hinds Co. Subcommittee recommended complete survey of District of Columbia government—other administrative agencies than those studied to be included—with recommendations to be made for improvement of conditions in the District, and to relieve Congress of legislative details (no serial number).

18. Subject: Charges against Hon. Frank Cooper, United States district judge for the northern district of New York.
Committee: Judiciary, House.
Authorization: House Resolution 415, agreed to February 11, 1927.

Expenditures: Contingent fund of House.
Result: Hearing held. Report submitted March 2, 1927, recommending adoption of resolution that evidence submitted does not call for interposition of constitutional powers of House relative to impeachment (H. Rept. 2299, 69th Cong., 2d sess. (ser. 8690)).

19. Subject: Abolishment of useless offices.
Committee: Temporary committee on accounts, consisting of Representatives-elect to Seventieth Congress.
Authorization: House Resolution 453, agreed to March 3, 1927.
Expenditure: Not stated.
Result: No hearings nor reports located.

Seventieth Congress—December 5, 1927—March 3, 1929

JOINT OR STATUTORY COMMITTEES

1. Subject: Adjustments in numbers and compensation of officers and employees of the Senate and House of Representatives.
Committee: Joint committee, 3 Senators and 3 Representatives, Members-elect to the Seventy-first Congress.
Authorization: Legislative Appropriation Act, approved February 28, 1929 (45 Stat. 1402, sec. 4).
Expenditure: Not stated.

Result: Report submitted June 14, 1929, and recommendations made concerning salaries, new positions, etc. Tabulation showing the then present salaries, and proposed compensation. Bills submitted to carry into effect the recommendations made (H. R. 3966 and S. 1531). The former became law during the Seventy-first Congress (46 Stat. 32-39) (H. Rept. 22, 71st Cong., 1st sess.; S. Rept. 35, 71st Cong., 1st sess. (ser. 9185, 9190)).

2. Subject: Official conduct of Francis A. Winslow, United States district judge in New York.

Committee: Judiciary (special subcommittee), House.
Authorization: Public Resolution No. 93 (H. J. Res. 425), approved February 26, 1929 (45 Stat. 1325).

Expenditure: Contingent fund of House, not exceeding \$5,000.
Result: Report submitted December 20, 1929. Committee had been duly organized and was proceeding with the inquiry when a letter from the Attorney General informed them that Judge Winslow's resignation, effective April 1, 1929, had been tendered to the President and accepted, wherefore the committee recommended no further proceedings and asked to be discharged (H. Rept. 84, 71st Cong., 2d sess. (ser. 9190); H. Res. 110, 71st Cong.), agreed to December 20, 1929, discontinued the investigation.

3. Subject: Official conduct of Grover M. Moscovitz, United States district judge in New York.

Committee: Judiciary (special subcommittee), House.
Authorization: Public Resolution No. 102 (H. J. Res. 431), approved March 2, 1929 (45 Stat. 1542); Public Resolution 103 (H. J. Res. 434), approved March 4, 1929 (45 Stat. 1697).

Expenditure: Contingent fund of House, not exceeding \$5,000.
Result: Hearings held in New York City and Washington, D. C. Report submitted April 8, 1930. Individual members of committee do not approve all the acts of Judge Moscovitz concerning which evidence was produced, but "committee is unanimous in its opinion that sufficient facts have not been presented or adduced to warrant the interposition of the constitutional powers of im-

peachment of the House." Two member of the Judiciary Committee held an opposite view (H. Rept. 1106, 71st Cong., 2d sess. (ser. 9192)).

4. Subject: Various executive agencies of the Government dealing with matters pertaining to the insular possessions of the United States.

Committee: Commission on insular reorganization, joint.
Authorization: Public Resolution No. 108 (S. J. Res. 9), approved March 4, 1929 (45 Stat. 1700); Public Resolution No. 25 (S. J. Res. 97, 71st Cong.), approved December 16, 1929 (46 Stat. 48).

Expenditure: Not stated.
Result: Report submitted January 6 (calendar day, Jan. 15), 1930, citing study made and authorities consulted and including joint resolution embodying recommendations that the President be authorized to transfer by Executive order to any designated executive department all or any part of the functions of the Secretaries of War and Navy, relative to the Philippine Islands, Puerto Rico, Virgin Islands, Guam, and American Samoa, and establish an office of insular affairs (S. Doc. No. 68, 71st Cong., 2d sess. (ser. 9219)).

5. Subject: Needs for airports and aviation fields of War, Navy, Post Office, and Commerce Departments, and District of Columbia.
Committee: Congressional commission, joint.

Authorization: Public Resolution No. 106 (S. J. Res. 216), approved March 4, 1929 (45 Stat. 1698-1699); Public Resolution No. 24 (S. J. Res. 87, 71st Cong.); approved December 16, 1929 (46 Stat. 48).

Expenditure: Contingent fund of House and Senate (one-half from each); whole amount not exceeding \$2,000.

Result: Hearings held on District of Columbia airport facilities. Preliminary report May 25, 1929, stating difficulties in study and recommending passage of joint resolution authorizing National Capital Park and Planning Commission to acquire lands for airports for District of Columbia, and appropriating \$500,000 therefor (H. Rept. 12 and S. Doc. 13, 71st Cong., 1st sess. (ser. 9190, 9125)). Final report January 6 (calendar day Mar. 3), 1930, recommending legislation providing for loans by the United States to District of Columbia for airport development, acquisition of properties in designated location, and gradual development of Gravelly Point (S. Doc. 93 and H. Rept. 852, 71st Cong., 1st sess. (ser. 9219, 9191)).

6. Subject: Aerial coast defense.

Committee: Joint committee.

Authorization: Senate Concurrent Resolution 11, passed March 4, 1929 (45 Stat. II, 2399).

Expenditure: Contingent fund of Senate and House (one-half from each); not exceeding \$2,000.

SENATE COMMITTEES

7. Subject: Alleged payment of large sums of money by the Government of Mexico to influence the official action of certain United States Senators.

Committee: Special committee, Senate.

Authorization: Senate Resolution 7, agreed to December 9, 1927; Senate Resolution 8, agreed to December 9, 1927.

Expenditure: Contingent fund of Senate; not exceeding \$25,000.
Result: Hearings held. Partial report, January 11, 1928. No evidence that any Senator had accepted or was promised or offered directly or indirectly any money or other valuable thing by an officer or representative of the Government of Mexico. Final report, January 7 (calendar day Jan. 9), 1929. Other documents submitted to the committee purported to show Senator BORAH and Senator NORRIS had received \$100,000 each from the Soviet Ambassador in Paris. Every effort made to discover any existing corroboration of the charges, but none was found. Committee was unanimous in the belief that each group of documents was a fraud (S. Rept. 52, part I, 70th Cong., 1st sess.; S. Rept. 52, part II, 70th Cong., 2d sess. (ser. 8832)).

8. Subject: Contest between William S. Vare and William B. Wilson as to membership in the United States Senate from Pennsylvania.

Committee: Privileges and Elections, Senate.

Authorization: Senate Resolution 68, agreed to December 17, 1927; Senate Resolution 225, agreed to May 12, 1928; Senate Resolution 285, agreed to January 12, 1929; Senate Resolution 310, agreed to February 9, 1929; Senate Resolution 156 (71st Cong.), agreed to November 12, 1929.

Expenditure: Contingent fund of Senate; not exceeding \$50,000, later increased by additional amounts of \$25,000, \$20,000, and \$12,000.

Result: Extensive hearings. Report submitted December 4 (calendar day, Dec. 5), 1929. Committee reported William B. Wilson had not sustained allegations and was not elected; William S. Vare did receive a plurality of the legal votes cast in the election of November 2, 1926. Supplemental report by four members of committee concurring in conclusion about Wilson, but dissenting about Vare because of excessive expenditure in primary, expenditures in election, and fraud (S. Rept. 47, 71st Cong., 2d sess. (ser. 9187)).

9. Subject: General survey of conditions of Indians in the United States.

Committee: Indian Affairs, Senate.

Authorization: Senate Resolution 79, agreed to February 2, 1928; Senate Resolution 303, agreed to February 27, 1929; Senate Resolution 308, agreed to February 27, 1929; Senate Resolution 263 (71st Cong.), agreed to May 14, 1930; Senate Resolution 416 (71st Cong.), agreed to February 17, 1931.

Expenditure: Contingent fund of Senate, not exceeding \$30,000, later increased to \$45,000.

Result: Extensive hearings in Washington, Oregon, California, Utah, Washington, D. C., and other States. Investigation continued under Senate Resolution 263 and Senate Resolution 416, Seventy-first Congress until end of Seventy-second Congress. Reports submitted in 1931, 1932, and 1933, in five parts, include facts concerning land appraisals in some districts, amounts necessary to adjust matters, deficiencies in the administration of Indian affairs, and the use of tribal funds. In one part of the report charges of misconduct were made against Herbert J. Hagerman, special commissioner to negotiate with the Indians in some of the Western States (S. Rept. 25, submitted in parts, Dec. 1931 to Jan. 1933, 72nd Cong., 1st and 2d sess. (pts. 1, 2, 3 in ser. 9489)).

10. Subject: Continuing investigation of naval oil-reserve leases and activities of Continental Trading Co. of Canada therewith.

Committee: Public Lands and Surveys, Senate.

Authorization: Senate Resolution 101, agreed to January 9, 1928; Senate Resolution 108, agreed to January 11, 1928.

Expenditure: Not exceeding \$25,000.

Result: Hearings. Report submitted May 28 (calendar day, May 29), 1928, giving facts concerning Continental Trading Co., history of the naval oil reserves, and some of the disclosures made by the investigation, and its accomplishments. Prospect for "housecleaning" in oil industry. Political reform in decreased campaign funds. Increased public responsibility in equities of natural resources. Collection of millions of dollars in additional taxes. Punishment of conspirators. Lines along which legislation must be sought are included (S. Rept. 1328, pts. 1 and 2, 70th Cong., 1st sess. (ser. 8833)).

NOTE.—A letter from the Secretary of the Treasury, May 28, 1928, showed that as a result of the disclosures made by the Senate Committee on Public Lands and Surveys and the investigations of the Treasury Department there had been made additional tax payments of \$606,097.19 from the Continental Trading Co., Ltd., of Canada and \$1,398,910.09 from other sources (S. Rept. 157, May — (calendar day, May 25) 1928, 70th Cong., 1st sess. (ser. 8871)).

11. Subject: Conditions in the coal fields of Pennsylvania, West Virginia, and Ohio.

Committee: Interstate Commerce, Senate.

Authorization: Senate Resolution 105, agreed to February 16, 1928; Senate Resolution 249, agreed to May 28, 1928.

Expenditure: Contingent fund of Senate; not exceeding \$10,000; later increased by \$10,000 additional.

Result: Hearings held.

12. Subject: Decline in cotton prices and activities of cotton exchanges.

Committee: Agriculture and Forestry, Senate.

Authorization: Senate Resolution 142, agreed to February 15, 1928; Senate Resolution 172, agreed to March 19, 1928.

Expenditure: Contingent fund of Senate; not exceeding \$5,000, later increased to \$30,000.

Result: Report issued pursuant to Senate Resolution 142, in two parts, December 22, 1928, and February 25 (calendar day Mar. 1), 1929. Decline of cotton prices attributed to predictions of Bureau of Agricultural Economics and its statement as to carry-over. Current and proposed legislation relative to practices on futures markets and activities of Government agencies outlined (S. Rept. 1376, 70th Cong., 2d sess. (ser. 8978)).

13. Subject: Administration of affairs of Federal Reserve Bank of Dallas, Tex.

Committee: Banking and Currency, Senate.

Authorization: Senate Resolution 152, agreed to February 24, 1928.

Expenditure: Contingent fund of Senate; not exceeding \$2,500.

Result: Report submitted February 7 (calendar day Feb. 8), 1929. An exhaustive investigation was made by the board of directors of the Federal Reserve bank at Dallas in December 1927, with public hearings and testimony, of which a comprehensive digest was furnished the committee. Chairman of Senate committee went to Texas to gather more information; no one seemed to want to make charges of mismanagement, and indications were that bank at Dallas and member banks were in a very satisfactory condition—more so than at any other time since Federal Reserve System was instituted (S. Rept. 1679, 70th Cong., 2d sess. (ser. 8978)).

14. Subject: Illegal appointments and dismissals in the civil service since July 1, 1919.

Committee: Special committee, Senate.

Authorization: Senate Resolution 154, agreed to May 19, 1928.

Expenditure: Contingent fund of Senate, not exceeding \$2,500.

Result: Hearings held. No report located.

15. Subject: Merits of S. 1752, to regulate the manufacture and sale of stamped envelopes.

Committee: Post Offices and Post Roads, Senate.

Authorization: Senate Resolution 170, agreed to March 20, 1928.

Expenditure: Contingent fund of Senate, not exceeding \$1,000.

Result: Hearings on S. 1752, but none located for the resolution. No report located.

16. Subject: Barter and sale of Federal offices and appointments.

Committee: Post Offices and Post Roads (subcommittee), Senate.

Authorization: Senate Resolution 193, agreed to May 8 and 19, 1928; Senate Resolution 288, agreed to January 12, 1929; Senate Resolution 311, agreed to February 26, 1929; Senate Resolution 330, agreed to February 18, 1929; Senate Resolution 42 (71st Cong.), agreed to May 6, 1929; Senate Resolution 59 (71st Cong.), agreed to May 22, 1929.

Expenditure: Contingent fund of Senate, not exceeding \$5,000; later increased to \$8,000, and still later to \$14,000.

Result: Hearings. Report submitted December 3, 1929, on the situation in Texas. Describes workings of the Creager political machine and the installment-payment note system (for collecting party funds). The latter, in the opinion of the committee, ought to be made illegal by Federal statute (S. Rept. 46, 71st Cong., 2d sess. (ser. 9187)). Report submitted January 6 (calendar day, Mar. 15), 1930, on a survey of conditions in Georgia, Mississippi, South Carolina, and Texas, with additional evidence from other States (especially in South). Committee believes practice of dispensing Federal appointments by barter and sale should be abolished. Recommendation was made for amendment of the Federal Corrupt Practices Act and action by the Department of Justice against those who have violated statutes in their procedure (S. Rept. 272, 71st Cong., 2d sess. (ser. 9187)).

17. Subject: Oil-reserve leases investigation extended to include Salt Creek field in Wyoming.

Committee: Public Lands and Surveys, Senate.

Authorization: Senate Resolution 202, agreed to April 30, 1928; Senate Resolution 349, agreed to March 2, 1929.

Expenditure: Contingent fund of Senate; not exceeding \$40,000 (in addition to earlier amounts in preceding Congresses).

Result: Hearings. Report submitted in two parts, February 7, 1929. Not a final report. Refers to investigation then in progress in the Department of Justice. Committee feels certain phases of procedure followed by Departments of Interior and Justice in renewal of royalty oil contract, and final cancellation are not above criticism (S. Rept. 1662, 70th Cong., 2d sess. (ser. 8978)).

18. Subject: Sinking of the submarine S-4.

Committee: Naval Affairs, Senate.

Authorization: Senate Resolution 205, agreed to April 30, 1928.

Expenditure: Contingent fund of Senate; not exceeding \$10,000.

Result: Hearings. Report submitted February 25 (calendar day Feb. 27), 1929. After extensive hearings, subcommittee believes certain additional and important safety devices might be installed on submarines, and recommends a more liberal policy toward supplying funds for such devices, also more frequent meeting between the Navy Department and the Navy consulting board (S. Rept. 1988, 70th Cong., 2d sess. (ser. 8978)).

19. Subject: Campaign expenditures of Presidential candidates.

Committee: Special committee, Senate.

Authorization: Senate Resolution 214, agreed to April 30, 1928; Senate Resolution 234, agreed to May 25, 1928; Senate Resolution 261, agreed to May 29, 1928.

Expenditure: Contingent fund of Senate; \$25,000, later increased by \$25,000.

Result: Hearings held. Report submitted January 17 (calendar day Jan. 21), 1929, presenting tabulation of expenditures for Presidential campaign candidacies, by States. Committee recommends enactment of adequate legislation to regulate conduct of conventions and primary elections for nomination of Presidential candidates, thus to guard against abuses (S. Rept. 1480, 70th Cong., 2d sess. (ser. 8978)). Report submitted February 25 (calendar day Feb. 28), 1929, giving receipts and expenditures for Republicans and Democrats, with additional recommendations for amendment of specified sections of the Federal Corrupt Practices Act, and adequate legislation to regulate the borrowing of money. Detailed tables give names of persons contributing \$5,000 and over in behalf of Republican candidates (S. Rept. 2024, 70th Cong., 2d sess. (ser. 8978)).

20. Subject: Causes of unemployment.

Committee: Education and Labor, Senate.

Authorization: Senate Resolution 219, agreed to May 3, 1928.

Expenditure: Contingent fund of Senate; not exceeding \$15,000.

Result: Hearings. Report submitted February 25 (calendar day Mar. 1), 1929, recommending Government encouragement of stabilization of employment by industry itself; insurance against unemployment within industry itself; the establishment of efficient unemployment exchanges; planning for public works in times of depression; and an efficient system of gathering unemployment statistics, with further consideration of old-age pensions (S. Rept. 2072, 70th Cong., 2d sess. (ser. 8978)).

21. Subject: Senatorial campaign expenditures in New Jersey, 1928.

Committee: Special committee, Senate.

Authorization: Senate Resolution 232, agreed to May 16, 1928.

Expenditure: Not stated.

Result: Hearings before subcommittee. Report submitted February 22, 1929. Election fraud not proved. Evidence did not show that New Jersey allowance of not more than \$50,000 expenditure for any candidate at either primary or general election had been exceeded (S. Rept. 1861, 70th Cong., 2d sess. (ser. 8978)).

22. Subject: Additional national parks and boundary revisions for certain other national parks.

Committee: Public Lands and Surveys, Senate.

Authorization: Senate Resolution 237, agreed to May 25, 1928.

Expenditure: Contingent fund of Senate; not exceeding \$3,500.

Result: Hearings in North Dakota and Wyoming. Subcommittee visited sites. Report submitted February 25 (calendar day Mar. 2), 1929, citing facts that visits and study of committee resulted in (1) establishment of Grand Teton National Park (act approved Feb. 26, 1929, 45 Stat. 1314); (2) readjustment of Yellowstone Park boundaries (creation of Yellowstone National Park Boundary Commission, public resolution approved February 28, 1929 (45 Stat. 1413); and (3) better understanding of the park situation (S. Rept. 2073, 70th Cong., 2d sess. (ser. 8978)).

23. Subject: Protection and conservation of lands within Rainy Lake watershed in northern Minnesota.

Committee: Agriculture and Forestry, Senate.

Authorization: Senate Resolution 239, agreed to May 25, 1928.

Expenditure: Contingent fund of Senate; not exceeding \$2,000.

Result: No hearings nor reports located.

24. Subject: District of Columbia street-railway merger plan.

Committee: District of Columbia, Senate.

Authorization: Senate Resolution 244, agreed to May 25, 1928.

Expenditure: Contingent fund of Senate; not exceeding \$10,000.

25. Subject: Cuban and Puerto Rican sugar price control during World War.

Committee: Special committee investigating Presidential campaign expenditures, Senate.

Authorization: Senate Resolution 255, agreed to May 3, 1928.

Expenditure: No additional amount stated.

Result: Report submitted February 4, 1929, giving citations to resolutions previously enacted in earlier Congresses, hearings and reports issued in earlier years, all on the same subject. "The committee is convinced that the entire record is found in the reports and printed hearings, to which reference has been made" (S. Rept. 1614, 70th Cong., 2d sess. (ser. 8978)).

26. Subject: Illegal delivery to private interests of lands ceded to the United States by the Government of Mexico.

Committee: Public Lands and Surveys, Senate.

Authorization: Senate Resolution 291, agreed to January 12, 1929; Senate Resolution 321, agreed to February 26, 1929.

Expenditure: Contingent fund of Senate, not exceeding \$1,500; later increased by \$5,000.

Result: Hearings held before subcommittee. Committee believes "grants in question are separately and severally valid", and those now claiming the lands in question are the unqualified legal owners and "there is no foundation in fact or in law for the charges" the committee was asked to investigate (S. Res. 426, 72d Cong., 1st ses. (ser. 9489)).

27. Subject: Additional national parks and boundary revisions for certain other national parks.

Committee: Public Lands and Surveys, Senate.

Authorization: Senate Resolution 316, agreed to February 26, 1929; Senate Resolution 252 (71st Cong.), agreed to May 5, 1930. (The subject matter of S. Res. 316 is essentially the same as that of S. Res. 237, under which the investigation had seemed of sufficient value for proposing an additional one of similar character. See p. 32, S. Res. 252 (71st Cong.) continued the investigation until the end of the 71st Cong.)

Expenditure: Contingent fund of Senate; not exceeding \$12,500.

28. Subject: Proposed sale of certain vessels operated by the Shipping Board, and reconditioning of other vessels.

Committee: Commerce, Senate.

Authorization: Senate Resolution 319, agreed to February 6, 1929.

Expenditure: Not stated.

Result: No hearings nor reports located.

29. Subject: Convention and protocol between the United States and Great Britain for the preservation and improvement of the scenic beauty of Niagara Falls and Rapids.

Committee: Foreign Relations, Senate.

Authorization: Senate Resolution 333, agreed to February 26, 1929.

Expenditure: Contingent fund of Senate; not exceeding \$2,500.

Result: No hearings nor reports located on this resolution. (There was transmitted to the Senate April 14 (calendar day, Apr. 16), 1930, a message from the President of the United States with the final report of the Special International Niagara Board, on "Preservation and improvement of the scenic beauty of the Niagara Falls and Rapids" (S. Doc. 128, 71st Cong., 2d sess. (ser. 9207)).

HOUSE COMMITTEES

30. Subject: District of Columbia government.

Committee: District of Columbia, House.

Authorization: House Resolution 101, agreed to January 26, 1928; House Resolution 267, agreed to January 14, 1929.

Expenditure: Contingent fund of House, not exceeding \$2,000; later, \$1,500 additional.

31. Subject: Campaign expenditures of various Presidential and other candidates.

Committee: Select committee, House.

Authorization: House Resolution 232, agreed to May 29, 1928; House Resolution 271, agreed to December 19, 1928.

Expenditure: Contingent fund of House; not exceeding \$20,000.

Result: Hearings held. Report submitted March 2, 1929, on work done, collection of statistics concerning receipts and expenditures of the national committees, and including special hearings in Texas (H. Rept. 2821, 70th Cong., 2d sess. (ser. 8983)).

32. Subject: Federal prisoners in Federal, State, county, and municipal prisons and jails.

Committee: Special committee, House.

Authorization: House Resolution 233, agreed to May 29, 1928.

Expenditure: Contingent fund of House, not exceeding \$20,000.

Result: Hearings held. Report presented January 31, 1929, giving findings relative to the magnitude of the Federal penal problem, congested conditions, employment, conditions in non-Federal institutions, and use of prison-made goods. Many recommendations were offered regarding administration, probation, establishment of road camps, building of narcotic institutions, peniten-

tiaries, Federal jails, and workhouses. Passage of legislation to carry out the recommendations was urged (H. Rept. 2303, 70th Cong., 2d sess. (ser. 8981)).

Seventy-first Congress—April 15, 1929—March 3, 1931

JOINT COMMITTEE

1. Subject: Pay and allowances of the commissioned and enlisted personnel of the Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, and Public Health Service.

Committee: Joint committee.

Authorization: Public Resolution No. 36 (S. J. Res. 7), approved February 3, 1930 (46 Stat. 63).

Expenditure: Not stated.

Result: Report submitted June 16, 1930, urged importance of establishing proper basis for promotion to secure proper compensation basis (S. Rept. 928, 71st Cong., 2d sess. (ser. 9186)). Report submitted January 21 (calendar day, Jan. 24), 1931, which includes (1) a report of the Interdepartmental Pay Board of July 19, 1929, rendered prior to appointment of congressional committee; (2) report of Interdepartmental Pay-Personnel Board of October 31, 1930, presented in consequence of a letter from the joint committee to the President; (3) comments of the General Accounting Office on the latter report; and (4) criticisms and suggestions (on the same report) by the Secretaries of the Treasury, War, Navy, and Commerce. Recommendation is made (1) for the appointment of a joint committee to report by bill or otherwise to their respective Houses, relative to distribution in grade, promotion, pay, and allowances for the services concerned, and (2) for a standing committee in each House of Congress to have jurisdiction over the pay of those same services, thus contributing to a more permanent program (H. Rept. 2366, 71st Cong., 3d sess. (ser. 9326); S. Doc. 259, 71st Cong., 3d sess. (ser. 9336)). The exhibits are included only with the Senate document.

SENATE COMMITTEES

2. Subjects: Lobbying associations and lobbyists in and around Washington, D. C.

Committee: Judiciary, Senate.

Authorization: Senate Resolution 20, agreed to October 1, 1929; Senate Resolution 210, agreed to February 6, 1930; Senate Resolution 268, agreed to May 28, 1930; Senate Resolution 475, agreed to February 28, 1931.

Expenditure: Contingent fund of Senate; not exceeding \$10,000, with additional amounts of \$10,000, \$3,500, and \$3,000.

Result: Extensive hearings. Report submitted in 10 parts, beginning September 30 (calendar day, Oct. 26, 1929), and ending June 18 (calendar day, June 19), 1930, dealing with (1) employment of Mr. Eyanson and his association with Senator Bingham, (2) attempts to have Mr. Koch of the Tariff Commission restrained from giving information militating against the enactment of high tariff rates, (3) Joseph Grundy and his activities relative to tariff legislation, (4) activities of J. A. Arnold, (5) the sugar lobby, (6) low tariff or no tariff, (7) Muscle Shoals lobby, (8) Association Against the Prohibition Amendment and John J. Raskob, (9) minority report on Dr. Eugene R. Pickrell, and (10) noninsistence on testimony of Bishop James Cannon, Jr. (S. Rept. 43, 71st Cong., 3d sess. (ser. 9189)). Senate Resolution 146, agreed to November 4, 1929, condemned the action of Senator Bingham in placing Mr. Charles L. Eyanson upon the official rolls of the United States Senate.

3. Subject: Activities of real estate and finance corporations in the District of Columbia concerning the sale of mortgage bonds upon property.

Committee: District of Columbia, Senate.

Authorization: Senate Resolution 58, agreed to June 4, 1929; Senate Resolution 339, agreed to December 3, 1930.

Expenditure: Contingent fund of Senate; not exceeding \$2,500, with later addition of \$7,500.

Result: Hearings. Report rendered February 17 (calendar day, Feb. 18), 1931. Subcommittee made thorough investigation of the operations of real-estate dealers; the issuance and sale of securities; and the foreclosure of mortgages or deeds of trust—all in the District of Columbia. A vast amount of fraud and unscrupulous activity was found because of insufficient regulation and supervision. Passage of the following legislation was recommended; S. 3489, S. 3490, S. 3491; but failed to be enacted (S. Rept. 1655, 71st Cong., 3d sess. (ser. 9325)).

4. Subject: Operations of the Federal Reserve System.

Committee: Banking and Currency (or subcommittee), Senate.

Authorization: Senate Resolution 71, agreed to May 5, 1930.

Expenditure: Contingent fund of Senate; not exceeding \$15,000.

Result: Hearings before a subcommittee. Report not located.

5. Subject: Determination of methods of Federal aid toward discovery of a cure for cancer.

Committee: Commerce, Senate.

Authorization: Senate Resolution 79, agreed to June 3, 1929.

Expenditure: Not stated.

Result: Hearings March 13 and April 30, 1930. Report on this resolution not located (but a report submitted with S. 4531 on May 22, 1930, recommends passage of bill to authorize the Surgeon General of the United States to make a general survey in connection with the control of cancer (S. Rept. 717, 71st Cong., 2d sess. (ser. 9186)).

6. Subject: Certain matters relating to power and communications in interstate and foreign commerce.

Committee: Interstate Commerce, Senate.

Authorization: Senate Resolution 80, agreed to June 8, 1929.

Expenditure: Contingent fund of Senate; not exceeding \$15,000.
Result: Hearings in 1930. No report located.

7. Subject: Alleged activities of William B. Shearer in behalf of certain shipbuilding companies at the Geneva naval conference, and at meetings of the Preparatory Commission.
Committee: Naval Affairs, Senate.
Authorization: Senate Resolution 114, agreed to September 11, 1929.
Expenditure: Contingent fund of Senate; not exceeding \$10,000.
Result: Hearings before subcommittee September 20, 1929—January 11, 1930. No report located.

8. Subject: Charges of inefficiency and corruption in the police and other departments and public offices in the District of Columbia.
Committee: District of Columbia, Senate.
Authorization: Senate Resolution 127, agreed to October 11, 1929.
Expenditure: Not stated.
Result: No hearings nor reports located.

9. Subject: Matters connected with the issuance and publication of cotton-ginning reports by the Census Bureau.
Committee: Agriculture and Forestry, Senate.
Authorization: Senate Resolution 137, agreed to November 1, 1929.
Expenditure: Contingent fund of Senate, amount not given.
Result: No hearings nor reports located.

10. Subject: Activities and speculative transactions of New York, New Orleans, and Chicago cotton exchanges.
Committee: Agriculture and Forestry, Senate.
Authorization: Senate Resolution 152, agreed to November 14, 1929.
Expenditure: Contingent fund of Senate; not exceeding \$10,000.
Result: Hearings. Report submitted January 6 (calendar day, Mar. 6), 1930, wherein facts are given concerning supply, consumption, and price of cotton. Proposals are made for amendment of Cotton Futures Act in details practically covered by pending bills. It is recommended that the Secretary of Agriculture be authorized and directed to make a study of foreign cottons, that the Department of Agriculture standardize bale-covering materials, and further that the cotton farmer be encouraged to improve his yield per acre (S. Rept. 348, 71st Cong., 2d sess. (ser. 9187)).

11. Subject: Senatorial campaign expenditures, primaries, conventions, contests, and campaign terminating in general election of November 1930, including investigation of complaints of alleged violations of Federal Corrupt Practices Act relative to campaign expenditures.
Committee: Special committee, Senate.
Authorization: Senate Resolution 215, agreed to April 10, 1930; Senate Resolution 403, agreed to January 19, 1931.
Expenditure: Contingent fund of Senate, not exceeding \$100,000.
Result: Very extensive hearings, including conditions in various States—Illinois, Pennsylvania, New Jersey, and others. Reports submitted on expenditures in (1) Nebraska, February 17 (calendar day Feb. 28), 1931, and (2) Pennsylvania, February 17 (calendar day Mar. 3), 1931 (S. Repts. 1824 and 1870, 71st Cong., 3d sess. (ser. 9325)). Final report submitted December 21, 1931, on Senate Resolution 215, gives total expenditures in senatorial elections of 1930, cites "increasingly complex and expensive character of political campaigns in the United States", and lists some of the principal defects in the Federal Corrupt Practices Act of 1925, as revealed by the committee's investigations. There is submitted with the report a recommended bill, based upon a draft prepared by special request of the chairman, embodying suggestions by leading authorities, and designed to fix responsibility for campaign expenditures, and require filing of complete and accurate reports of "contributions received and expenditures made on behalf of every candidate for political office" (S. Rept. 20, 72d Cong., 1st sess. (ser. 9489)). Report submitted December 21 (calendar day Dec. 22), 1931, pursuant to Senate Resolution 403, relates to alleged violations of Federal Corrupt Practices Act by Bishop James Cannon, Jr. Transcript of testimony submitted at hearings was placed before grand jury of the District of Columbia, which indicted James Cannon, Jr., and Ada L. Burroughs for conspiring to violate the Federal Corrupt Practices Act. Recommendations are embodied in final report cited above (S. Rept. 24, 72d Cong., 1st sess. (ser. 9489)).

12. Subject: Leases for post-office buildings and commercial postal stations and substations.
Committee: Special committee, Senate.
Authorization: Senate Resolution 244, agreed to April 18, 1930; Senate Resolution 267, agreed to May 28, 1930; Senate Resolution 422, agreed to January 28, 1931.
Expenditure: Contingent fund of Senate, not exceeding \$20,000, later increased by \$10,000.
Result: Very extensive hearings. Report submitted June 30 (calendar day July 1), 1932, giving details about some of the leases, directing attention to the "wasteful, extravagant, unbusinesslike, and uneconomical" policy of "housing the major post-office facilities in leased quarters." Government ownership through purchase or construction is urged, together with the necessary legislation (S. Rept. 971, 72d Cong., 1st sess. (ser. 9490)).

13. Subject: Appropriate methods for replacement and conservation of wild-animal life.
Committee: Special committee, Senate.
Authorization: Senate Resolution 246, agreed to April 17, 1930; Senate Resolution 350, agreed to December 18, 1930; Senate Resolution 462, agreed to February 26, 1931.
Expenditure: Contingent fund of Senate, not exceeding \$20,000, with later additions of \$10,000 and \$15,000.

Result: Extensive hearings held, personal visits to wide sections in the central and extreme west, also along the Canadian border. Report submitted January 12, 1931, shows magnitude of subject, cites cooperation from various public and private agencies, and is to form basis of future discussion and investigation. Report recommends concentration of Government departments on certain listed phases of wildlife conservation activities. Special reports on larger mammals are planned. (S. Rept. 1329, 71st Cong., 3d sess. (ser. 9324).)

14. Subject: Existing treaties with China, and conditions that may affect our commerce and trade with China.

Committee: Foreign Relations, Senate.
Authorization: Senate Resolution 256, agreed to June 2, 1930; Senate Resolution 302, agreed to June 25, 1930.

Expenditure: Contingent fund of Senate, not exceeding \$20,000.
Result: Hearings. Partial report submitted January 26 (calendar day Feb. 12), 1931, found depressed condition of our commerce with China was due to depressed price of silver. Recommends cooperative action of governments at International Monetary Conference or other international conferences to remedy silver conditions; also consideration of moral, intellectual, and financial aid of the Government of China, by countries having treaty relations with her. Supporting resolutions and other details relative to silver question are included. (S. Rept. 1600, 71st Cong., 3d sess. (ser. 9325).)

15. Subject: Federal aid to States wherein are located Indian lands not subject to State taxation.

Committee: Indian Affairs, Senate.
Authorization: Senate Resolution 282, agreed to June 25, 1930; Senate Resolution 432, agreed to February 17, 1931; Senate Resolution 322 (72d Cong.), agreed to February 8, 1933.

Expenditure: Contingent fund of Senate; not exceeding \$5,000, later increased by \$5,000, and still later by \$400.

Result: Hearings in November and December 1931. Detailed report submitted (undated) during Seventy-second Congress, giving description material relative to conditions found, proposals for relief, legislative recommendations and numerous pertinent statistical tables. Recommendations were made that United States declare its policy to meet all expense for progressive development of Indian citizens, that the United States make payments for school tuition of Indians, construction of school buildings, and also for health service. In addition more highway construction on Indian reservations is recommended (S. Rept. 1365, 72d Cong., 2d sess. (ser. 9648)).

16. Subject: Consolidation and unification of railroad properties.

Committee: Interstate Commerce, Senate.
Authorization: Senate Resolution 290, agreed to June 16, 1930.
Expenditure: Contingent fund of Senate; not exceeding \$5,000.
Result: No hearings nor reports located.

17. Subject: Operations, economic situation, and prospects of the Alaska Railroad.

Committee: Select committee, Senate.
Authorization: Senate Resolution 298, agreed to July 1, 1930; Senate Resolution 417, agreed to January 28, 1931.

Expenditure: Contingent fund of Senate; not exceeding \$5,000, later increased by \$5,000.

Result: Hearings in Alaska. Report submitted January 5, 1931, includes information derived from Alaskan trip by the committee, special report of examination of the accounts of the railroad and recommendations for: (1) Continued operation of railroad; (2) reduction of train mileage; (3) strict enforcement of business efficiency in management; (4) increase of passenger rates and revision of freight rates with allocation of funds to study increase of tonnage; (5) continuance of committee or appointment of another similar one to keep the Senate informed (S. Rept. 1230, 71st Cong., 3d sess. (ser. 9234)).

18. Subject: Prices of certain foods—reasons for the failure of the price of bread to reflect decline of wheat and flour prices; whole wheat and white flour; brown and white sugars; meat and meat-food products.

Committee: Agriculture and Forestry, Senate.
Authorization: Senate Resolution 374, agreed to January 16, 1931; Senate Resolution 407, agreed to January 28, 1931.

Expenditure: Contingent fund of Senate, not exceeding \$15,000.

Result: Hearings. Report submitted February 17 (calendar day, Mar. 2), 1931, stating that there is an alarming tendency toward monopolistic control of the food of the Nation by a small group of powerful corporations and combinations, particularly as to bread and milk, and the committee recommends careful scrutiny of developments by the Federal Trade Commission and Department of Justice. Bread prices not properly managed; wholesale bakeries are at fault. Distribution costs are high. Detailed findings are given for all subjects under investigation. Appropriate departments of the Government are asked to observe price trends and competitive conditions (S. Rept. 1838, 71st Cong., 3d sess. (ser. 9325)).

19. Subject: Unemployment-insurance systems by private interests in the United States and by foreign governments.

Committee: Select committee, Senate.
Authorization: Senate Resolution 483, agreed to February 28, 1931.

Expenditure: Contingent fund of Senate, not exceeding \$10,000.

Result: Hearings held. Report submitted June 30, 1932, citing and secured from other agencies, and briefly describing unemployment-benefit plans in the United States—types, costs involved, results achieved, and conclusions; unemployment-insurance system in foreign countries—their principal features, operating ex-

penses, and costs. Consideration is given also to relative State, Federal, or private responsibility in connection with unemployment-benefit systems, the attitude of labor and industry, legal aspects of proposed plans, previous studies made, a general analysis of unemployment insurance, and conclusions. Recommendation is made that the Federal Government contribute to a system of private unemployment reserves to be provided by individual employers, with corresponding deduction by the latter from their income tax, for any contributions made to maintain such a system. Personal views of Senator WAGNER are given briefly (S. Rept. 964, 72d Cong., 1st sess. (ser. 9490)). An earlier report was submitted April 29 (calendar day, May 2), 1932, by Senator WAGNER to give his personal views. He recommended the establishment of unemployment reserves, inaugurated under compulsory State legislation and supervised by the State, a Nation-wide employment service, and deduction from the income tax of employers for payments into unemployment-benefit reserves (S. Rept. 629, 72d Cong., 1st sess. (ser. 9490)).

HOUSE COMMITTEES

20. Subject: Ownership and control or capital interests in any common carriers engaged in the transportation of persons or property in interstate commerce.

Committee: Interstate and Foreign Commerce, House.

Authorization: House Resolution 114, agreed to January 24, 1930; House Resolution 134, agreed to February 1, 1930; House Resolution 274, agreed to July 2, 1930.

Expenditure: First provision, committee was "to make such expenditures as it deems necessary." Later there was provided from the contingent fund of the House, not exceeding \$25,000, and still later, not exceeding \$25,000 additional. Report was made July 3, 1930, that expenditures made and contracted for, to December 31, 1930, were \$29,261.89 (CONGRESSIONAL RECORD, vol. 72, p. 12335).

Result: Report issued July 3, 1930 cites major lines of inquiry, and gives copy of questionnaires sent to railroads and investment trusts to secure desired information. Investigation proceedings under management of special counsel (H. Rept. 2064, 71st Cong., 2d sess. (ser. 9196)). A three-volume report on regulation of stock ownership in railroads was submitted February 20, 1931. Prepared under the direction of the special counsel engaged for the study, details are given for a number of specific holding companies, mostly railroads. Appendixes list the business affiliations of directors of class I railroads, the control of class II railroads not a part of a class I system, and present a special treatise on the investment trust as an agency of railroad control—its development, present status, and potential use (H. Rept. 2789, 71st Cong., 3d sess. (ser. 9328, 9329, 9330)).

21. Subject: Mediterranean fruit fly.

Committee: Appropriations (subcommittee), House.

Authorization: House Resolution 139, agreed to February 10 1930; House Resolution 151, agreed to February 18, 1930.

Expenditure: Contingent fund of House; not exceeding \$3,500.

Result: Hearings held. Report not located.

22. Subject: Group, chain, and branch banking.

Committee: Banking and Currency, House.

Authorization: House Resolution 141, agreed to February 10, 1930; House Resolution 178, agreed to March 27, 1930.

Expenditure: Contingent fund of House; not exceeding \$3,500.

Result: Hearings. Report submitted March 3, 1931, that it was impracticable to make comprehensive recommendations at the time, but passage of a resolution for further investigation was recommended (H. Rept. 2946, 71st Cong., 3d sess. (ser. 9332)).

23. Subject: Official conduct of Harry B. Anderson, United States district judge in Tennessee.

Committee: Judiciary, House.

Authorization: House Resolution 191, agreed to June 13, 1930.

Expenditure: Contingent fund of House; not exceeding \$5,000.

Result: Hearing. Report made February 18, 1931, that after months of searching inquiry no grounds were found for impeachment, although the committee disapproves certain practices in the western district of Tennessee, and thinks they ought to be discontinued. Committee submitted House Resolution 362 with recommendation that it be adopted—that evidence submitted does not warrant interposition of constitutional powers of impeachment. It was agreed to February 18, 1931 (CONGRESSIONAL RECORD, vol. 74, p. 5313) (H. Rept. 2714, 71st Cong., 3d sess. (ser. 9332)).

24. Subject: Communist propaganda.

Committee: Select committee, House.

Authorization: House Resolution 220, agreed to May 22, 1930; House Resolution 250, agreed to June 13, 1930.

Expenditure: Contingent fund of House; not exceeding \$25,000.

Result: Extensive hearings. Report submitted January 17, 1931, giving detailed findings, recommendations, and conclusions. The committee recommended (1) greater care in selection of immigrants; (2) authorization and appropriation for the Department of Justice to follow radical activities; (3) adequate appropriation for Department of Labor to deport when necessary; (4) strengthening of deportation laws; (5) stricter inspection by Post Office Department to bar radical publications; (6) encouragement and support of organized labor. The conclusions embodied ideas that in the new order, the ideals of democracy should not be weakened and that economic justice should be worked out, then radicalism would fall. "The solution of this problem lies in the wisdom of our legislators, and in the unselfishness of our industrialists" (H. Rept. 2290, 71st Cong., 3d sess. (ser. 9391)).

25. Subject: Campaign expenditures, candidates of the House of Representatives.

Committee: Select committee, House.

Authorization: House Resolution 258, agreed to June 24, 1930; House Resolution 275, agreed to June 27, 1930.

Expenditure: Contingent fund of House; not exceeding \$10,000.

Result: Report rendered December 20, 1930, cites fact that there have been filed with the House statements of receipts and expenditures by various conditions, as required by law. Only one request for investigation came before the committee (that of Representative Kunz of Illinois), and the committee after examination of the evidence, adopted a resolution that the case required no further action by them, but rather by the standing committees on elections of the Seventy-second Congress (H. Rept. 2140, 71st Cong., 3d sess. (ser. 9331)).

26. Subject: Official conduct of Bascom S. Deaver, United States district judge in Georgia.

Committee: Judiciary (subcommittee), House.

Authorization: House Resolution 284, agreed to July 1, 1930.

Expenditure: Contingent fund of House; not exceeding \$5,000.

Result: Report submitted February 16, 1931, recommending adoption of a resolution that the evidence submitted on the charges "does not warrant the interposition of the constitutional powers of impeachment of the House" (H. Res. 359, agreed to Feb. 16, 1930). (H. Rept. 2681, 71st Cong., 3d sess. (ser. 9332)).

27. Subject: Fiscal relations between the United States and the District of Columbia.

Committee: Select committee, House.

Authorization: House Resolution 285, agreed to July 3, 1930; House Resolution 329, agreed to January 9, 1931.

Expenditure: Appropriation not exceeding \$10,000.

Result: Hearings. Report submitted December 15, 1931, gives brief history of the fiscal relations between the United States and the District of Columbia, general discussion of taxation in the District, loss of revenue because of Federal property exemptions, comparative data for Washington and other cities, changes in the revenue laws, and fiscal relations of other nations and their respective national capitals. Committee recommends a lump-sum appropriation annually from the United States to the District not exceeding \$6,500,000. A number of statistical tables on the subject covered are included in the report (H. Rept. 1, 72d Cong., 1st sess. (ser. 9495)). Additional reports submitted December 15, 1931, recommend for the District of Columbia an income tax, an estate tax, a gasoline tax, and registration of motor vehicles with fees based upon their weight. Bills embodying these suggestions are presented with the reports—H. R. 5821, H. R. 5822, H. R. 5823, H. R. 5824, all in the Seventy-second Congress. These bills passed the House but not the Senate (H. Repts. 2, 3, 4, 5, 72d Cong., 1st sess. (ser. 9491)).

Seventy-second Congress—December 7, 1931—March 3, 1933

JOINT COMMITTEE

1. Subject: Operation of laws and regulations relating to veterans' relief and benefits, national policy for veterans and their dependents, and economies in government cost of the Veterans' Administration.

Committee: Joint congressional committee.

Authorization: Legislative appropriation act, fiscal year 1933, title VII, section 701, approved June 30, 1932; Public Resolution No. 46 (H. J. Res. 527), approved January 3, 1933; Public Resolution No. 71 (S. J. Res. 262), approved March 3, 1933 (47 Stat. 419, 752, 1547).

Expenditure: Not stated; committee to use persons on Government pay roll, congressional committees, etc.

Result: Hearings. Report submitted May 26, 1933, stated that (1) "definite policy with reference to pensions and emoluments of all kinds for veterans and their dependents is now an Executive function under the provisions of Public Law No. 2, Seventy-third Congress, approved March 20, 1933"; (2) extensive public hearings were held and views of interested parties secured; (3) hearings were printed in four volumes; (4) work was done at no additional cost to Treasury other than printing (H. Rept. 166, 73d Cong., 1st sess.).

SENATE COMMITTEES

2. Subject: Sale, flotation, and allocation of foreign bonds or securities in the United States.

Committee: Finance, Senate.

Authorization: Senate Resolution 19, agreed to December 10, 1931.

Expenditure: Contingent fund of Senate; \$5,000 authorized.

Result: Hearings. No formal report made.

3. Subject: Activities and operations of the Federal Farm Board.

Committee: Agriculture and Forestry, Senate.

Authorization: Senate Resolution 42, agreed to April 11, 1932; Senate Resolution 364, agreed to March 3, 1933; Senate Resolution 276 (73d Cong.), agreed to June 18, 1934.

Expenditure: Contingent fund of Senate; not exceeding \$25,000.

Result: No report located. Investigation continued by Senate Resolution 276 to end of Seventy-fourth Congress, first session.

4. Subject: Air and ocean mail contracts, use of mail tubes, proposed postal-rate increases, and the erection of public buildings in small towns.

Committee: Post Offices and Post Roads, Senate.

Authorization: Senate Resolution 48, agreed to January 15, 1932.

Expenditure: Contingent fund of Senate, not exceeding \$1,500.

Result: No hearings nor reports located.

5. Subject: Short selling of listed securities upon stock exchanges.

Committee: Banking and Currency, Senate.

Authorization: Senate Resolution 84, agreed to March 4, 1932; Senate Resolution 239, agreed to June 15, 1932; Senate Resolution 371, agreed to February 28, 1933.

Expenditure: Contingent fund of Senate, not exceeding \$50,000; later increased by \$50,000 additional; still later by \$40,000. Result: Hearings. Investigation extended into Seventy-third and Seventy-fourth Congresses by several additional resolutions. (See S. Res. 56, 73d Cong., p. 58.)

6. Subject: Situation on Pyramid Lake Indian Reservation. Committee: Public Lands and Surveys, Senate. Authorization: Senate Resolution 142, agreed to January 22, 1932. Expenditure: Not stated.

Result: No hearings or reports located. 7. Subject: Campaign expenditures of Presidential, Vice Presidential, and senatorial candidates in 1932. Committee: Special committee, Senate.

Authorization: Senate Resolution 174, agreed to July 11, 1932; Senate Resolution 324, agreed to January 13, 1933; Senate Resolution 130 (73d Cong.), agreed to January 11, 1934. Expenditure: Contingent fund of Senate, not exceeding \$25,000.

Result: Report submitted January 16, 1934, relative to Louisiana senatorial election of 1932 (S. Rept. 191, 73d Cong., 2d sess.; CONGRESSIONAL RECORD, vol. 78, p. 674).

8. Subject: Action or inaction of Department of Justice in case of Union Mortgage Co., of Cleveland, Ohio, for fraudulent use of mails.

Committee: Judiciary, Senate. Authorization: Senate Resolution 176, agreed to March 14, 1932. Expenditure: Contingent fund of Senate, not exceeding \$1,000. Result: No hearings nor reports located.

9. Subject: Utilization of the water resources of the Sacramento, San Joaquin, and Kern Rivers in California. Committee: Irrigation and Reclamation, Senate.

Authorization: Senate Resolution 177, agreed to June 27, 1932. Expenditure: Contingent fund of Senate, not exceeding \$5,000. Result: Report submitted March 1, 1933. Personal tour of inspection made by committee and representatives of other Government agencies. Detailed information secured and findings presented relative to agricultural and irrigation development, water shortage, navigation and flood-control problems. Increased Federal Financing recommended to supplement State expenditures (S. Rept. 1325, 72d Cong., 2d sess. (ser. 9648)).

10. Subject: Activities in connection with the proposed enlargement of Yellowstone and Grand Teton National Parks. Committee: Public Lands and Surveys, Senate.

Authorization: Senate Resolution 226, agreed to February 11, 1933.

Expenditure: Contingent fund of Senate, not exceeding \$5,000. Result: Hearings and reports not located.

11. Subject: Rental conditions in the District of Columbia. Committee: District of Columbia, Senate. Authorization: Senate Resolution 248, agreed to June 27, 1932; Senate Resolution 302, agreed to December 8, 1932.

Expenditure: Contingent fund of Senate; not exceeding \$2,500. Result: Hearings. Report submitted March 1, 1933. Preliminary private inquiry instituted by chairman, Government statistics secured, pertinent facts assembled by special counsel, detailed findings presented on vacancies, profits from rental operations, financing of properties, leases, taxation, etc. Recommendations were made to remedy outstanding defects in housing situation through legislation already introduced and other enactments deemed advisable. Committee felt that (1) inquiry has had a salutary moral effect on the rental situation, and (2) the investigation * * * may well serve as a model of economy in congressional fact-finding surveys. Of \$2,500 allowed, there was an unexpended balance of \$578.15 (S. Rept. 1354, 72d Cong., 2d sess. (ser. 9648)).

12. Subject: Loans made by Reconstruction Finance Corporation. Committee: Select committee, Senate.

Authorization: Senate Resolution 269, agreed to July 11, 1932. Expenditure: Not stated.

Result: Report submitted January 13, 1933, includes correspondence with the Corporation, citing information sent to the members of the committee relative to loans made from February 2 to July 20, 1932, inclusive. Committee does not recommend that loans be made public, although records are available if Senate desires publicity. No further investigation can be made without expense and committee was not granted any funds (S. Rept. 1059, 72d Cong., 2d sess. (ser. 9648)).

13. Subject: St. Lawrence Waterways Treaty. Committee: Foreign Relations, Senate.

Authorization: Senate Resolution 278, agreed to July 15, 1932. Expenditure: Contingent fund of Senate, not exceeding \$2,500.

Result: Hearings. No formal report located, but treaty was reported favorably with reservations, February 23, 1933 (CONGRESSIONAL RECORD, vol. 76, p. 4789).

14. Subject: Utilization of the water resources of the San Pedro River in Arizona. Committee: Irrigation and Reclamation, Senate.

Authorization: Senate Resolution 292, agreed to February 11, 1933.

Expenditure: Contingent fund of Senate, not exceeding \$2,000. Result: No hearings nor reports located.

15. Subject: Labor conditions prevailing upon the Mississippi flood-control project.

Committee: Select committee, three Senators. Authorization: Senate Resolution 300, agreed to February 23, 1933.

Expenditure: Contingent fund of Senate, not exceeding \$1,000. Result: No hearings nor reports located.

16. Subject: Present economic problems of the United States. Committee: Finance, Senate.

Authorization: Senate Resolution 315, agreed to January 26, 1933.

Expenditure: Not stated. Result: Hearings. No report located.

17. Subject: Air mail and ocean mail contracts. Committee: Special committee, Senate.

Authorization: Senate Resolution 349, agreed to February 25, 1933; Senate Resolution 94 (73d Cong.), agreed to June 10, 1933; Senate Resolution 143 (73d Cong.), agreed to January 24, 1934; Senate Resolution 259 (73d Cong.), agreed to June 13, 1934.

Expenditure: Contingent fund of Senate, not exceeding \$5,000; later increased by \$20,000 and still later by \$5,000.

Result: Extensive hearings. Special reports submitted February 2, 5, and 12, 1934, regarding L. H. Brittin, William P. MacCracken, and Gilbert Givvin. Later, Senate Resolutions 184, 185, 186, 187, and 189, adjudging them guilty of contempt or fixing their punishment, were agreed to (Feb. 14, 1934) (S. Rept. 254, pts. 1 and 2, 73d Cong., 2d sess.; CONGRESSIONAL RECORD, vol. 78, pp. 1851, 1902, and 2399).

HOUSE COMMITTEES

18. Subject: Stock ownership in public-utility corporations by holding companies and others. Committee: Interstate and Foreign Commerce, House.

Authorization: House Resolution 59, agreed to January 19, 1932; House Joint Resolution 572 (Pub. Res. No. 65), approved March 3, 1933 (47 Stat. 1544).

Expenditure: Contingent fund of House, not exceeding \$50,000. Result: Report submitted March 2, 1933, on oil and gasoline pipe lines. Prepared by special counsel, the report includes detailed findings and statistics relative to pipe-line companies. Recommendations are made for (1) consideration of regulation of oil transportation rates by the Interstate Commerce Commission; and (2) regulation of interstate transportation of gas by pipe line.

Further reports on power, gas, and communication are contemplated (H. Rept. 2192, 72d Cong., 2d sess. (ser. 9651 and 9652)). Report submitted February 21, 1934, on the relation of holding companies to operating companies in power and gas affecting control. Detailed lists of directors and officials with their affiliations, and of the companies are included (H. Rept. 827, 73d Cong., 2d sess.).

19. Subject: Cause and effect of present depressed value of silver. Committee: Coinage, Weights, and Measures, House.

Authorization: House Resolution 72, agreed to February 8, 1932; House Resolution 136, agreed to February 13, 1932.

Expenditure: Contingent fund of House, not exceeding \$5,000. Result: No hearings nor reports located.

20. Subject: Campaign expenditures of candidates for President, Vice President, and House of Representatives. Committee: Special committee, House.

Authorization: House Resolution 201, agreed to June 18, 1932; House Resolution 202, agreed to June 21, 1932.

Expenditure: Contingent fund of House, not exceeding \$10,000. 21. Subject: Expenditures of the Post Office Department. Committee: Post Offices and Post Roads, House.

Authorization: House Resolution 226, agreed to June 21, 1932; House Resolution 273, agreed to June 24, 1932; Public Resolution No. 74 (H. J. Res. 612), approved March 4, 1933 (47 Stat. 1621).

Expenditure: Contingent fund of House; not exceeding \$5,000. Result: Hearings. Partial report submitted February 21, 1933, on the United States Postal Air Mail Service. Detailed findings are given relative to air mail administrative policy of the Post Office Department, the relationship between air mail costs and rates, air mail subsidy payments, and intercorporate relationships. Recommendations are made for basic payments, postage rates, air mail postal cards, annual field audit and proposed legislation, embodying committee's suggestions (H. R. 14605, 72d Cong., 2d sess.). This bill did not become law (H. Rept. 2087, 72d Cong., 2d sess. (ser. 9654)).

22. Subject: Government competition with private enterprise. Committee: Special committee, House.

Authorization: House Resolution 235, agreed to May 31, 1932; House Resolution 271, agreed to June 21, 1932; House Resolution 312, agreed to December 13, 1932; House Resolution 343, agreed to January 10, 1933; House Resolution 360, agreed to January 21, 1933.

Expenditure: Contingent fund of House; not exceeding \$10,000, later increased by \$3,500.

Result: Extended hearings. Report submitted February 8, 1933, describing scope of the committee's work, charges made against Government competition, and general attitude of industry and labor. Examples of governmental competitive activities are cited with analysis and comment. Recommendations are made for the discontinuance of many activities and the creation of a standing committee in the House of Representatives on Government competition with private enterprise. A minority report was filed by E. E. Cox (H. Rept. 1985, 72d Cong., 2d sess. (ser. 9650)).

23. Subject: Official conduct of Harold Louderback, United States district judge in California.

Committee: Special committee, five members of Judiciary Committee, House.

Authorization: House Resolution 239, agreed to June 9, 1932.

Expenditure: Contingent fund of House; not exceeding \$5,000.

Result: Hearings. Report submitted February 17, 1933, censuring judge "for conduct prejudicial to the dignity of the judiciary in appointing incompetent receivers; for the method of selecting receivers; for allowing fees that seem excessive; and for a high degree of indifference to the interest of litigants in receiverships." The majority recommended adoption of House Resolution 387 against impeachment, while the minority recommended impeachment on the basis of five enumerated articles (H. Rept. 2065, 72d Cong., 2d sess. (ser. 9654)). House Resolution 402, authorizing impeachment, was agreed to February 27, 1933. The judge was acquitted of all the charges in the Senate trial, on May 24, 1933 (CONGRESSIONAL RECORD, vol. 77, p. 4088).

Seventy-third Congress—March 4, 1933—June 18, 1934

JOINT COMMITTEES

1. Subject: Cause or causes of the wrecking of the *Akron* and other dirigibles.

Committee: Joint committee, 5 Senators and 5 Representatives.

Authorization: House Concurrent Resolution 15, passed April 20, 1933.

Expenditure: Contingent fund of both House, not exceeding \$5,000, one-half from each House.

Result: Hearings. Report submitted June 14, 1933, narrating the course of events leading to the disaster, and describing equipment and precautionary measures taken to prevent such mishaps. Causes of the wreck are ascribed to storm conditions and crash of the stern on the sea. Recommendations are made that (1) the Navy "continue in the maintenance, development, and operation of airships"; (2) a training and experiment station be established in Lakehurst, N. J.; (3) more weather maps be issued per diem; (4) the Navy Department "energetically study" improved equipment for the control of airships (S. Doc. 75, 73d Cong., 1st sess.).

2. Subject: Extent of, if any, participation by the Government in the centennial of the independence of the Republic of Texas.

Committee: Joint committee.

Authorization: Senate Concurrent Resolution 21, passed June 18, 1934.

Expenditure: Contingent fund of Senate and House; not exceeding \$5,000, one-half from each House.

Result: No report. Action of committee delayed, pending appropriation for centennial by the Texas State Legislature (information secured from office of sponsor of resolution).

3. Subject: Economic conditions in the Philippine Islands.

Committee: Joint committee.

Authorization: Communication from the President of the United States to the Vice President and to the Speaker of the House suggesting appointment of three persons from each House to serve on a special committee "to conduct hearings and investigations in the Philippine Islands for the purpose of ascertaining such imperfections and inequalities as may exist in the Tydings-McDuffie law", in accordance with a concurrent resolution adopted by the Philippine Legislature (see CONGRESSIONAL RECORD, vol. 78, pp. 12076-12077, 12567-12568, June 16 and June 18, 1934).

Expenditure: " * * * expenses of said committee and economic expert to be borne by the Philippine government." (See concurrent resolution in above citation.)

Result: Committee reached New York City on return trip from the Philippines February 7, 1935.

SENATE COMMITTEES

4. Subject: Delay in prosecuting alleged law violations by the Harriman National Bank, New York City.

Committee: Judiciary, Senate.

Authorization: Senate Resolution 55, agreed to April 18, 1933; Senate Resolution 89, agreed to June 8, 1933.

Expenditure: Contingent fund of Senate, not exceeding \$500; later increased by \$500.

Result: Hearings. No report located.

5. Subject: Banking operations and practices and the issuance and sale of securities (stock exchange practices).

Committee: Banking and Currency, Senate.

Authorization: Senate Resolution 56, agreed to April 4, 1933; Senate Resolution 70, agreed to May 25, 1933; Senate Resolution 93, agreed to June 8, 1933; Senate Resolution 97, agreed to June 8, 1933; Senate Resolution 208, agreed to April 17, 1934; Senate Resolution 253, agreed to June 4, 1934.

Expenditure: Expenses to be paid from sums made available by Senate Resolutions 84, 239, 371 of the Seventy-second Congress, with increases at different times of \$20,000, \$100,000, \$40,000.

Result: Extensive hearings. Comprehensive report submitted June 16, 1934, on investigation authorized by above resolutions and others of the Seventy-second Congress (see end of statement). Report analyzes (1) securities exchange practices; (2) investment banking practices; (3) commercial banking practices; (4) investment trusts and holding companies; and (5) income-tax avoidances. There is included a summary of legislation enacted as a result of the investigation, and also such recommendations as appear appropriate to the committee at the time (S. Rept. 1455, 73d Cong., 2d sess.).

6. Subject: Transactions and operations of the Reconstruction Finance Corporation.

Committee: Banking and Currency, Senate.

Authorization: Senate Resolution 69, agreed to May 4, 1933.

Expenditure: Not stated.

Result: No open hearings nor special report. (Information secured from the committee.)

7. Subject: Sale and distribution of dairy products in the District of Columbia.

Committee: District of Columbia, Senate.

Authorization: Senate Resolution 76, agreed to May 23, 1933.

Expenditure: Such expenditures to be made as committee "deems necessary."

Result: Hearings conducted by subcommittee. Report submitted March 13, 1934, giving facts concerning health regulations in District of Columbia, milk producers and distributors of the District, marketing agreements, bottle losses, and delivery of milk. The committee finds "inordinate profits" among the milk distributors, believes farmers should be given a definitely fixed "one price" for their milk, and recommends a Nation-wide investigation of the subject since conditions existing in District may be found in other localities (S. Rept. 468, 73d Cong., 2d sess.). House Concurrent Resolution 32, passed June 15, 1934, partially because of testimony revealed pursuant to Senate Resolution 76, authorizes and directs the Federal Trade Commission to investigate the sale and distribution of milk and other dairy products in the United States.

8. Subjects: So-called "rackets" and racketeering with a view to their suppression (crime and criminal practices).

Committee: Commerce, Senate.

Authorization: Senate Resolution 74, agreed to June 12, 1933; Senate Resolution 196, agreed to April 20, 1934.

Expenditure: Contingent fund of Senate; not exceeding \$10,000 later increased by \$25,000.

Result: Hearings before subcommittee. Preliminary report made in a speech to the Senate January 11, 1934 (CONGRESSIONAL RECORD, vol. 78, p. 448), with presentation of 13 bills "intended to stop gaps through which criminals made their slimy way." Report submitted June 14, 1934, stating that 92 additional bills had been introduced since January 11, 1934, to ameliorate criminal conditions; 11 became law. These are cited together with the status of other pertinent pending bills. Work of committee incomplete at time of report, further activities were contemplated, but one achievement especially noted was the study of juvenile delinquency: "As a result of our work the Congress has written into the District of Columbia appropriation bill provisions for character education in the schools in Washington" (S. Rept. 1440, 73d Cong., 2d sess.).

9. Subject: Administration of bankruptcy and receivership proceedings in the United States courts.

Committee: Special committee, Senate.

Authorization: Senate Resolution 78, agreed to June 13, 1933; Senate Resolution 203, agreed to May 30, 1934.

Expenditure: Contingent fund of Senate; not exceeding \$10,000, with \$10,000 additional.

Result: Hearings held in Los Angeles and San Francisco, Calif. Preliminary report submitted February 26, 1934. Attention is called to faulty discharge of receivership functions, and evils attendant upon bankruptcy proceedings. Committee believed investigation should be continued in other parts of country, with subsequent final report of findings and recommendations for "such modifications of existing law and practice as the entire survey may justify" (S. Rept. 365, 73d Cong., 2d sess.; CONGRESSIONAL RECORD, vol. 78, pp. 3174-3176).

10. Subject: Alleged irregularities in connection with purchases of materials or equipment for the use of the Civilian Conservation Corps. (Negotiations between Director of emergency conservation work and the Be Vier Corporation.)

Committee: Military Affairs, Senate.

Authorization: Senate Resolution 88, agreed to June 2, 1933.

Expenditure: Not stated.

Result: Report submitted June 12, 1933, states no evidence was found in the record to sustain "charge of corruption or improper motive on the part of anyone." Although prices paid for articles purchased were not excessive, lower ones could have been obtained. Danger is inherent in negotiations not permitting competitive bidding. Recommendation is made that purchases for C. C. C. "be vested in a single agency of the Government possessing inadequate experience and organization" (S. Rept. 144, 73d Cong., 1st sess., CONGRESSIONAL RECORD, vol. 77, p. 5716).

11. Subject: Campaign contributions and expenditures in 1934 senatorial contests.

Committee: Special committee, Senate.

Authorization: Senate Resolution 173, agreed to June 13, 1934.

Expenditure: Contingent fund of Senate; not exceeding \$25,000.

Result: Report submitted January 10, 1935, that investigations were conducted in four States—Tennessee, Pennsylvania, Delaware, and New Mexico—after which no hearings nor further inquiry were deemed necessary. "The committee does not recommend any change in the existing law of the United States with reference to the election of United States Senators" (S. Rept. 11, 74th Cong., 1st sess.).

12. Subject: Charges of incompetency and abuse of official duties by Superintendent of Shiloh National Park at Pittsburg Landing, Tenn.

Committee: Select committee, Senate.

Authorization: Senate Resolution 198, agreed to June 13, 1934.

Expenditure: Contingent fund of Senate; not exceeding \$1,000.

Result: Hearings not yet held. (Sponsor of resolution out of country on another investigation, until very recently.)

13. Subject: Munitions manufacture and sale of arms.
Committee: Special committee, Senate.

Authorization: Senate Resolution 206, agreed to April 12, 1934; Senate Resolution 244, agreed to June 13, 1934; Senate Resolution 8 (74th Cong.), agreed to January 17, 1935.

Expenditure: Contingent fund of Senate; not exceeding \$15,000, later additions of \$35,000; and \$50,000 (in 74th Cong.).

Result: Extensive hearings. Final report not rendered. Investigation continued by Senate Resolution 8 of the Seventy-fourth Congress, first session (see above). Senator Nye on January 15, 1935, presented to the Senate 53 findings of the committee; giant fortunes made, bribery by munitions officials, opposition to arms embargoes by munitions manufacturers, close connection of munitions companies to War and Navy Departments, interwoven net of great explosive and chemical companies in America, Great Britain, and Europe, etc. (CONGRESSIONAL RECORD (daily), Jan. 15, 1935, pp. 467-468).

14. Subject: Relationship existing between certain contractors and their employees in connection with public buildings and public works financed wholly or partially by loans from the United States.
Committee: Education and Labor, subcommittee, Senate.

Authorization: Senate Resolution 228, agreed to May 30, 1934.

Expenditure: Contingent fund of Senate, not exceeding \$15,000.

Result: Hearings. No report.

15. Subject: Financing and proposed reorganization of the Mayflower Hotel Co.

Committee: District of Columbia, Senate.

Authorization: Senate Resolution 231, agreed to June 13, 1934.

Expenditure: Contingent fund of Senate; not exceeding \$1,000.

Result: Hearings before subcommittee. Report submitted February 11, 1935, including facts concerning the Mayflower Hotel Co. given in an earlier report and describing in detail the financing and reorganization plans. Because of developments in this and "other similar cases of high finance throughout the United States", the committee recommended certain annexed amendments to section 77 B of the Bankruptcy Act in order that unfair profiteering might be decreased. Advantages have been accorded bondholders because of the hearings held by the committee (S. Rept. 107, 74th Cong., 1st sess.).

HOUSE COMMITTEES

16. Subject: Official conduct of James A. Lowell, United States district judge in Massachusetts.
Committee: Judiciary, House.

Authorization: House Resolution 120, agreed to April 26, 1933; House Resolution 132, agreed to June 13, 1933.

Expenditure: Contingent fund of House; not exceeding \$5,000.

Result: Report submitted January 18, 1934, stating that James A. Lowell died November 30, 1933, and asking that committee be discharged (H. Rept. 294, 73d Cong., 2d sess.).

17. Subject: Appointments, conduct, proceedings, and acts of receivers, trustees, and referees in bankruptcy.
Committee: Judiciary, House.

Authorization: House Resolution 145, agreed to June 12, 1933; House Resolution 189, agreed to June 13, 1933; House Resolution 215, agreed to January 30, 1934; House Resolution 228, agreed to January 29, 1934; House Resolution 440, agreed to June 15, 1934; House Resolution 443, agreed to June 15, 1934.

Expenditure: Contingent fund of House; not exceeding \$5,000; later increased by additional amounts of \$7,500 and \$5,000.

Result: Hearings held; report not yet issued.

18. Subject: Civil Service Commission, heads of all departments, commissions, and independent offices, relative to apportionment of Government employees.
Committee: Civil Service, House.

Authorization: House Resolution 146, agreed to June 1, 1933.

Expenditure: None to be incurred.

Result: No action taken as yet (Feb. 21, 1935).

19. Subject: Official conduct of Judge Halsted L. Ritter.
Committee: Judiciary, House.

Authorization: House Resolution 163, agreed to June 1, 1933; House Resolution 172, agreed to June 9, 1933; House Resolution 214, agreed to January 30, 1934.

Expenditure: Contingent fund of House; not exceeding \$2,500.

Result: Hearings held. Report not yet issued.

20. Subject: Internal revenue laws of the United States, methods of preventing their evasion and avoidance.
Committee: Ways and Means, House.

Authorization: House Resolution 183, agreed to June 10, 1933; House Resolution 184, agreed to June 10, 1933; House Resolution 418, agreed to June 14, 1934; House Resolution 428, agreed to June 15, 1934.

Expenditure: Contingent fund of House, not exceeding \$5,000; with \$5,000 again mentioned in resolutions of 1934.

Result: Preliminary report submitted December 4, 1933, on tax avoidance and simplification of the revenue laws. Changes in the laws are proposed. Memoranda are included on wholly and partially tax-exempt interest, capital gains and losses, also on exchanges and reorganizations. Prevention of tax avoidance (House committee print, 73d Cong., 2d sess. (H. J. 4652.A52 1933b)).

21. Subject: Nazi and other propaganda activities (Un-American activities).
Committee: Special committee, House.

Authorization: House Resolution 198, agreed to March 20, 1934; House Resolution 199, agreed to March 29, 1934; House Resolution 424, agreed to June 11, 1934.

Expenditure: Contingent fund of House, not exceeding \$10,000; with later additional amount of \$20,000.

Result: Hearings in Washington and other cities. Report submitted February 15, 1935. Committee investigated nazi-ism, fascism, and communism, the purposes and activities of such organizations as "The Friends of New Germany", "Order of '76", and "Silver Shirts." Recommendations were made for (1) registration of foreign government propaganda agents with the Secretary of State; (2) authority for the Secretary of Labor to curtail the stay in this country of foreign visitors engaged in propaganda; also for (3) Congress to make it unlawful "for any person to advocate changes in a manner that incites to the overthrow or destruction by force and violence of the Government of the United States, or of the form of government guaranteed to the several States by article IV, section 4, of the Constitution of the United States" (H. Rept. 153, 74th Cong., 1st sess.).

22. Subject: House of Representatives restaurant, race, color, and creed discriminations, and control by Committee on Accounts.
Committee: Special committee, House.

Authorization: House Resolution 236, agreed to April 25, 1934.

Expenditure: None mentioned.

Result: Hearings. Report submitted June 8, 1934, cites resolutions under which Committee on Accounts exercises control of the restaurant, and delegates to its chairman the duty of making and enforcing rules. Statement is made that the restaurant is operated without discrimination for the use of Members of the House. Recommendation is for continued authority of the Committee on Accounts (H. Rept. 1920, 73d Cong., 2d sess.).

23. Subject: All matters pertaining to the replacement and conservation of wild-animal life.
Committee: Select committee, House.

Authorization: House Resolution 237, agreed to January 29, 1934; House Resolution 263, agreed to February 15, 1934.

Expenditure: Contingent fund of House, not exceeding \$7,500.

Result: Hearings. Report submitted January 4, 1935, gives facts regarding economic value of wildlife resources of the country, and information relative to (1) game-management areas, (2) results of uncoordinated activities concerning game and fish life, (3) the conservation of fish in the interior waters of our country, and the commercial fisheries. There is also an index to the hearings of the committee. With due consideration for the facts and the "dire consequence" of diminution in wildlife resources, the committee makes a number of recommendations for a continuing policy of protective activities, a treaty with Mexico for the protection of migratory birds, surveys of fishing areas, expansion of the work of the Fisheries Bureau and legislation to protect enforcement officers in governmental services concerned with wildlife (H. Rept. 1, 74th Cong., 1st sess.).

24. Subject: Old-age assistance and pension systems.
Committee: Labor, House.

Authorization: House Resolution 249, agreed to February 15, 1934.

Expenditure: Not stated.

Result: Hearings held on various old-age pension measures. Preliminary report submitted by subcommittee, May 15, 1934. Facts given relative to J. E. Pope of the National Old Age Pension Association. Subcommittee expects to continue its study of the question, but urges Congress to pass the Connery bill providing for Federal aid to States with old-age security systems (H. Rept. 1633, 73d Cong., 2d sess.).

25. Subject: Profiteering in military aircraft, irregularities in leasing of public property by the War Department, profiteering in purchase of property from public funds, and other matters involving problem of national defense.
Committee: Military Affairs, subcommittee, House.

Authorization: House Resolution 275, agreed to March 2, 1934; House Resolution 284, agreed to March 6, 1934; House Resolution 439, agreed to June 16, 1934.

Expenditure: Contingent fund of House; not exceeding \$10,000, later increased by \$20,000.

Result: Hearings by subcommittee. Preliminary report submitted June 18, 1934, citing violations of law and Army regulations, also "gross misconduct and inefficiency of Maj. Gen. Benjamin D. Foulois, Chief of the Air Corps, United States Army, and other executive officers under his command." His removal was recommended (H. Rept. 2060, 73d Cong., 2d sess., CONGRESSIONAL RECORD, vol. 78, pp. 12474-12484). (Investigation continued by H. Res. 59, 74th Cong., 1st sess.; agreed to Jan. 18, 1935.)

26. Subject: Certain statements made by Dr. William A. Wirt.
Committee: Select committee, House.

Authorization: House Resolution 314, agreed to March 29, 1934; House Resolution 317, agreed to March 29, 1934.

Expenditure: Contingent fund of House; not exceeding \$500.

Result: Hearings held. Report submitted May 2, 1934, gives statement by Dr. Wirt and substance of his replies to questions of the committee. None of the evidence submitted by Dr. Wirt or others shows that "there was any person or group in the Government service planning to 'overthrow the existing social order'" or pursue any other dangerous course as mentioned in Dr. Wirt's statement. Committee "is of the opinion that no further action be taken in the matter and therefore reports without recommendation." Minority views were presented to show committee had not fully met its responsibility (H. Rept. 1439, 73d Cong., 2d sess.).

27. Subject: Campaign expenditures of candidates for the House of Representatives.
Committee: Special committee, House.

Authorization: House Resolution 336, agreed to June 15, 1934; House Resolution 449, agreed to June 16, 1934.

Expenditure: Contingent fund of House, not exceeding \$10,000. Result: Investigation made in Delaware. No report submitted as yet (Feb. 25, 1935).

28. Subject: Extent to which the United States is dependent upon foreign nations for its supply of tin.

Committee: Foreign Affairs, House.

Authorization: House Resolution 404, agreed to June 15, 1934; House Resolution 444, agreed to June 16, 1934.

Expenditure: Contingent fund of House, not exceeding \$10,000. Result: Hearings. Report not yet issued (Feb. 21, 1935).

29. Subject: Methods and manner of handling funds and financial affairs of veterans receiving compensation or pensions from United States Government while under supervision of United States Veterans' Administration (guardianship affairs of incompetent veterans).

Committee: Veterans' Affairs, House.

Authorization: House Resolution 409, agreed to June 4, 1934; House Resolution 426, agreed to June 13, 1934; House Resolution 29 (74th Cong.), agreed to January 4, 1935.

Expenditure: Contingent fund of House, not exceeding \$7,500.

Result: Hearings in Washington, D. C., Indiana, and Illinois, before a subcommittee. Report submitted early in the first session of the Seventy-fourth Congress gives extracts from the testimony, facts disclosed concerning supervision of estates of veterans by guardian and trust companies, and by individuals, and excessive fee charges. Survey reports were received from the Veterans' Administration. Corrective legislative suggestions are included. These are for amendatory provisions to the World War Veterans' Act, and are incorporated in H. R. 3979, introduced by Mr. RANKIN, January 16, 1935 (74th Cong., 1st sess.). Investigation under House Resolution 409. Subcommittee on Hospitalization and Guardianship of Incompetent Veterans. Report to Committee on World War Veterans' Legislation (unnumbered report issued in 1935, 74th Cong., 1st sess.).

30. Subject: Real-estate bondholders' reorganizations.

Committee: Select committee, House.

Authorization: House Resolution 412, agreed to June 15, 1934; House Resolution 442, agreed to June 16, 1934; House Resolution 39 (74th Cong.), agreed to January 8, 1935; House Resolution 79 (74th Cong.), agreed to February 8, 1935.

Expenditure: Contingent fund of Senate, not exceeding \$15,000; with addition of \$50,000 later.

Result: Public hearings in Chicago, New York, Detroit, and Milwaukee. Reports submitted January 29, 1935, includes questionnaire sent to bondholders' protective committees for information, calls attention to the large amount of defaulted real-estate securities and the need for further investigation in order that corrective legislation may be framed to bring protection and assistance to "millions of our thrifty citizens directly affected" (H. Rept. 35, 74th Cong., 1st sess.).

31. Subject: Petroleum industry.

Committee: Interstate and Foreign Commerce, House.

Authorization: House Resolution 441, agreed to June 15, 1934; House Resolution 442, agreed to June 15, 1934.

Expenditure: Contingent fund of House, not exceeding \$25,000.

Result: Hearings before subcommittee. Final report submitted January 4, 1935, giving summary of major subjects covered in the inquiry and calling attention to various Federal, State, and other activities relating to petroleum resources of the United States. Recommendation is made "that any legislation establishing permanently the interest of the Federal Government in the petroleum industry should provide for an agency, commission, or board * * * to absorb some of the activities in various departments of the Federal Government as now constituted." Insufficient attention is being paid to consumers of petroleum products. Supplemental report may be filed later. Approximately \$5,000 of the appropriation for the investigation is to remain in contingent fund of House (H. Rept. 2, 74th Cong., 1st sess.).

Recapitulation of number of investigations by type of investigating committee

Congress	Total, all com- mittees	Joint	Senate	House
Sixty-seventh.....	32	6	24	2
Sixty-eighth.....	28	1	18	9
Sixty-ninth.....	20	2	14	4
Seventieth.....	32	4	23	5
Seventy-first.....	27	1	18	8
Seventy-second.....	23	1	16	6
Seventy-third.....	31	3	12	16
Total.....	193	18	125	50

Senate expenditures for inquiries and investigations by fiscal years, 1922-33

	Amount paid
1922.....	\$119,271
1923.....	90,367
1924.....	269,888
1925.....	243,212
1926.....	227,567
1927.....	59,099
1928.....	264,822
1929.....	245,826

Senate expenditures for inquiries and investigations by fiscal years, 1922-33—Continued

	Amount paid
1930.....	\$204,753
1931.....	356,320
1932.....	303,962
1933 ¹	73,730

SUBJECT OUTLINE

Abolishment of useless offices.
Action of Interstate Commerce Commission in refusing to suspend certain tariff rates on the Santa Fe Railroad.
Adjustments in numbers and compensation of officers and employees of the Senate and House of Representatives.
Administration of flexible tariff; and appointment of members of Tariff Commission.
Aerial coast defense.
Agricultural conditions.
Agricultural products, particularly rice.
Air and ocean mail contracts, use of mail tubes, proposed postal rate increases, and the erection of public buildings in small towns.
Air mail and ocean mail contracts.
Air services. See Naval Air Service.
Air services, United States—Army, Navy, Mail.
Aircraft, military, profiteering in, etc.
Airports and aviation fields of War, Navy, Post Office, and Commerce Departments and District of Columbia, needs for.
Akron and other dirigibles, cause or causes of the wrecking of.
Alaska Railroad, operations, economic situation and prospects of.
Alien Property Custodian and administration of his office.
Aluminum Co. of America, prosecution of, by the Department of Justice.
Anderson, Harry B., United States district judge in Tennessee, official conduct of.
Apportionment of Government employees, etc.
Arms, munitions, manufacture and sale of.
Attorney General, Department of Justice.
Baker, William E., West Virginia judge—official conduct.
Banking, group, chain, and branch.
Banking operations and practices and the issuance and sale of securities.
Bankruptcy and receivership proceedings in the United States courts.
Bankruptcy laws of the United States, examination to suggest amendments and improvement in administration.
Barter and sale of Federal offices and appointments.
Be Vier Corporation, negotiations between Director of Emergency Conservation Work and.
Bonus, misleading estimates as to cost of.
Bread prices, reasons for failure to reflect decline of wheat and flour prices, etc.
Bribery, alleged payment of large sums of money by the Government of Mexico to influence the official action of United States Senators.
Bribery of two Members of Congress, alleged charges against Representatives John W. Langley and Frederick N. Zihlman.
Bureau of Efficiency, annual cost.
Bureau of Internal Revenue.
Bureaus and agencies of Government dealing with World War veterans.
Bursum v. Bratton, Senatorial election contest in New Mexico.
Campaign expenditures, candidates for House of Representatives.
Campaign expenditures, candidates for President, Vice President, and House of Representatives.
Campaign expenditures, Presidential, Vice Presidential, and senatorial candidates in 1932.
Campaign expenditures, Presidential and other candidates.
Campaign expenditures, Presidential candidates.
Campaign expenditures, Presidential elections.
Campaign expenditures, senatorial.
Campaign expenditures, senatorial, 1930.
Campaign expenditures, senatorial, 1934.
Campaign expenditures, senatorial, New Jersey, 1928.
Cancer, determination of methods of Federal aid toward discovery of a cure for.
Census Bureau, matters connected with the issuance and publication of cotton-ginning reports by.
Chamberlin, Capt. Edmund G., United States Marine Corps.
Change in boundaries of Yellowstone National Park and certain other parks.

¹ Figures incomplete.

Source: Annual reports of the Secretary (or the assistant disbursing officer) of the Senate, as given in the following documents (figures represent total amounts paid, and sometimes are the sums of items in more than one of the reports named): S. Doc. 267, 67th Cong., 4th sess., p. 274; S. Doc. 1, 68th Cong., 1st sess., pp. 193, 230; S. Doc. 157, 68th Cong., 2d sess., pp. 168, 303; S. Doc. 1, 69th Cong., 1st sess., pp. 115, 181; S. Doc. 11, 69th Cong., 1st sess., pp. 55, 65; S. Doc. 162, 69th Cong., 2d sess., pp. 125, 126, 163; S. Doc. 168, 69th Cong., 2d sess., pp. 91, 94, 131; S. Doc. 1, 70th Cong., 1st sess., pp. 223, 262; S. Doc. 167, 70th Cong., 2d sess., pp. 148, 150, 202, 271; S. Doc. 40, 71st Cong., 2d sess., pp. 80, 165; S. Doc. 218, 71st Cong., 3d sess., pp. 162, 166, 218; S. Doc. 1, 72d Cong., 1st sess., pp. 72, 212; S. Doc. 140, 72d Cong., 2d sess., pp. 60, 148; S. Doc. 83, 73d Cong., 2d sess., pp. 102, 112, 242.

- China, existing treaties with, and conditions that may affect our trade and commerce with.
- Civil Service Commission, examining division.
- Civil Service Commission, heads of all departments, commissions, and independent offices, relative to apportionment of Government employees.
- Civil service since July 1, 1919, illegal appointments and dismissals in.
- Civilian Conservation Corps, alleged irregularities in connection with purchases of materials or equipment for.
- Claims of Hoboken, N. J., relative to occupation of certain docks by the United States.
- Claims of Honolulu Consolidated Oil Co. to oil lands in naval reserve no. 2.
- Coal fields of Pennsylvania, West Virginia, and Ohio, conditions in.
- Coal situation in the District of Columbia.
- Colorado River Basin, proposed legislation relative to development.
- Columbia River, location of Sand Island in, etc.
- Communications and power in interstate and foreign commerce, certain matters relating to.
- Communist propaganda.
- Comptroller of the Currency, Federal Reserve System and Office of.
- Conservation of wild-animal life, all matters relating to.
- Conservation of wild-animal life, appropriate methods for replacement and.
- Consolidation and unification of railroad properties.
- Continental Trading Co. of Canada, activities of. Continuing investigation of naval oil-reserve leases.
- Contractors and their employees on public works and public buildings, relationship between.
- Convention and protocol between the United States and Great Britain for the preservation and improvement of the scenic beauty of Niagara Falls and Rapids.
- Cooper, Hon. Frank, United States district judge for the Northern District of New York, charges against.
- Cotton exchanges, activities and speculative transactions of New York, New Orleans, and Chicago.
- Cotton exchanges, activities of, and decline in cotton prices.
- Cotton-ginning reports by the Census Bureau, matters connected with the issuance and publication of.
- Cotton prices, decline in, and activities of cotton exchanges.
- Cotton supply, demand and marketing.
- Crime and criminal practices.
- Crop insurance.
- Cuban and Puerto Rican sugar-price control during the World War.
- Dairy products in the District of Columbia, sale and distribution of.
- Dallas, Tex., Federal Reserve banks of, administration of affairs of.
- Deaver, Bascom, United States district judge in Georgia, official conduct of.
- Dirigibles, cause or causes of the wrecking of the *Akron* and other.
- District of Columbia, activities of real estate and finance corporations, concerning the sale of mortgage bonds upon property.
- District of Columbia, charges of inefficiency and corruption in the police and other departments and public offices in.
- District of Columbia, coal situation in.
- District of Columbia, government of.
- District of Columbia, housing and rental conditions.
- District of Columbia, rental conditions in.
- District of Columbia, sale and distribution of dairy products in the.
- District of Columbia and the United States, fiscal relations between.
- District of Columbia street-railway merger plan.
- Dominican Republic, Haiti and.
- Economic conditions in the Philippine Islands.
- Economic problems of the United States.
- Election contest (senatorial) in Iowa—*Steck v. Brookhart*.
- Election contest (senatorial) in Minnesota—*Johnson v. Schall*.
- Election contest (senatorial) in New Mexico—*Bursum v. Bratton*.
- Election contest between William S. Vare and William B. Wilson, as to membership in the United States Senate from Pennsylvania.
- Elections, Presidential, campaign expenditures in.
- Emergency Fleet Corporation, United States Shipping Board and.
- Employment for Federal prisoners.
- English, George W., Illinois district judge, official conduct.
- Expenditures for propaganda and lobbies in Washington.
- Farmers' losses on account of wheat price fixing by Government during World War.
- Federal aid to States wherein are located Indian lands not subject to State taxation.
- Federal aid toward discovery of a cure for cancer, determination of methods of.
- Federal Corrupt Practices Act, alleged violations of, relative to campaign expenditures in elections of 1930.
- Federal Farm Board, activities and operations of.
- Federal offices and appointment, barter and sale of.
- Federal prisoners, employment for.
- Federal prisoners in Federal, State, county, and municipal prisons and jails.
- Federal Reserve Bank of Dallas, Tex., administration of affairs of.
- Federal Reserve System, limited membership of State banks and trust companies in.
- Federal Reserve System, operations of.
- Federal Reserve System and Office of Comptroller of the Currency.
- Fiscal relations between District of Columbia and the United States.
- Flexible tariff, administration of; and appointment of members of Tariff Commission.
- Flour prices, etc.
- Foreign bonds or securities in the United States, sale, flotation, and allocation of.
- Fraudulent dealings in specified lands.
- Gasoline markets, crude oil and—conditions in 1920, 1921, and 1922.
- Gold and silver inquiry.
- Gould, Arthur R., charges against.
- Government bonds. See Government securities.
- Government competition with private enterprise.
- Government of the District of Columbia.
- Government securities—preparation, distribution, sale, destruction, etc.
- Grand Teton and Yellowstone National Parks, activities in connection with proposed enlargement of.
- Great Lakes-Gulf of Mexico Waterway, problem of 9-foot channel of.
- Group, chain, and branch banking.
- Guardianship affairs of incompetent veterans.
- Haiti and Dominican Republic.
- Harriman National Bank, New York City, delay in prosecuting alleged law violations by.
- Herrick, Fred, matters relating to contract between, and the United States Forest Service, etc.
- Hoboken, N. J., claim of, relative to occupation of certain docks by United States.
- Holding companies, stock ownership in public-utility corporations, by, etc.
- Honolulu Consolidated Oil Co., claims of, to oil lands in Naval Reserve No. 2.
- House of Representatives Restaurant, race, color, and creed discrimination, and control by Committee on Accounts.
- Housing and rental conditions, District of Columbia. See also rental conditions in District of Columbia.
- Idaho, loans and advances in—War Finance Corporation.
- Illegal appointments and dismissals in the civil service since July 1, 1919.
- Illegal delivery to private interests of lands ceded to the United States by the Government of Mexico.
- Indian lands not subject to taxation, Federal aid to States wherein are located.
- Indian reservation, situation upon Pyramid Lake.
- Indians, general survey of conditions of, in the United States.
- Insular possessions of the United States, various executive agencies of the Government dealing with.
- Internal Revenue, Bureau of.
- Internal revenue laws of the United States, methods of preventing their evasion and avoidance.
- Internal Revenue Taxation, Joint Committee on.
- Interstate and foreign commerce, certain matters relating to power and communications in.
- Interstate commerce, ownership and control in common carriers engaged in transportation of persons or property in.
- Interstate Commerce Commission, action of, in refusing to suspend certain tariff rates on the Santa Fe Railroad.
- Iowa, senatorial election contest in—*Steck v. Brookhart*.
- Johnson v. Schall*, senatorial election contest in Minnesota.
- Joint Committee on Internal Revenue Taxation.
- Judges, official conduct of. See Anderson, Harry B.; Baker, William E.; Cooper, Frank; Deaver, Bascom S.; English, George W.; Louderbach, Harold; Lowell, James A.; Moscovitz, Grover M.; Ritter, Halsted L.; Winslow, Francis A.
- Justice, Department of—Attorney General.
- Justice, Department of, action or inaction in case of Union Mortgage Co., of Cleveland, Ohio.
- Justice, Department of, prosecution of the Aluminum Co. of America by.
- Kern, Sacramento, and San Joaquin Rivers in California, utilization of water resources of.
- Labor conditions prevailing upon the Mississippi flood-control project.
- Land cession. See Mexico, illegal delivery, etc.
- Lands, fraudulent dealings in.
- Langley, Representative John W., alleged charges against.
- Langley, Representative John W., charges against.
- Leases, naval oil reserve.
- Leases, naval oil reserves, nos. 1 and 2, in California and Wyoming.
- Leases for post-office buildings and commercial postal stations and substations.
- Lobbies in Washington, expenditures for propaganda and.
- Lobbying activities, alleged in connection with H. R. 2, the so-called "Pepper-McFadden banking bill."
- Lobbying associations and lobbyists in and around Washington, D. C.

- Louderback, Harold, United States district judge in California, official conduct of.
- Lowell, James A., United States district judge in Massachusetts, official conduct of.
- Malheur National Forest, matters relating to contract for the purchase of certain timber in.
- Mayfield, Earle B.
- Mayflower Hotel Co., financing and proposed reorganization of.
- Meat and meat-food products prices, etc.
- Medical education, abuses.
- Mediterranean fruit fly.
- Mexico, alleged payment of large sums of money by the Government of, to influence the official action of certain United States Senators.
- Mexico, illegal delivery to private interests of lands ceded to the United States by the Government of.
- Minnesota, protection and conservation of lands within Rainy Lake watershed in.
- Minnesota, senatorial election contest in, *Johnson v. Schall*.
- Mississippi flood control project, labor conditions prevailing upon.
- Mortgage bonds upon property, activities of real estate and finance corporations in the District of Columbia, concerning the sale of.
- Moscowitz, Grover M., United States district judge in New York, official conduct of.
- Munitions manufacture and sale of arms.
- Muscle Shoals, negotiations for leasing nitrate and power properties at Muscle Shoals, Ala., and quarry properties at Waco, Ala.
- Muscle Shoals, visit to investigate advisability of completing power plants.
- Muscle Shoals and Gorgas, Ala., trip to, to investigate advisability of completing same.
- National Disabled Soldiers' League.
- National forests and the public domain. See also Reforestation.
- National Grain Dealers Association.
- National Park, Yellowstone, change in boundaries of, and certain other parks.
- National parks, activities in connection with proposed enlargement of Yellowstone and Grand Teton.
- National parks, additional, and boundary revisions for certain other national parks.
- Naval air service, officers of, and members of Naval Reserve flying corps.
- Naval oil-reserve leases. See also Honolulu Consolidated Oil Co.
- Naval oil-reserve leases, continuing investigation of, and activities of Continental Trading Co. of Canada, therewith.
- Naval oil-reserve leases, Salt Creek field in Wyoming.
- Naval oil reserves, nos. 1 and 2, in California and Wyoming, leases on.
- Nazi and other propaganda activities.
- Nebraska, tricounty project in.
- New Mexico, senatorial election contest in, *Bursum v. Bratton*.
- Niagara Falls and rapids, convention and protocol between the United States and Great Britain for the preservation and improvement of the scenic beauty of.
- Night work in the Post Office Department.
- Northern Pacific land grants.
- Officers and employees of the Senate and House of Representatives, adjustments in numbers and compensation of.
- Officers of naval air service and members of Naval Reserve flying corps.
- Ohio, West Virginia, and Pennsylvania, conditions in coal fields of.
- Oil, crude and gasoline markets, conditions in 1920, 1921, and 1922.
- Oil-reserve leases, investigation extended to include Salt Creek field in Wyoming.
- Oil-reserve leases. See also naval oil-reserve leases.
- Old-age assistance and pension systems.
- Oregon, State of, location of Sand Island in the Columbia River.
- Ownership and control or capital interests in any common carriers engaged * * * in interstate commerce.
- Packers' consent decree, proposed modification of.
- Patronage. See barter and sale of Federal offices and appointments.
- Pay and allowances of the commissioned and enlisted personnel of the Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, and Public Health Service.
- Pay of personnel of Army, Navy, Marine Corps, etc.
- Pennsylvania, senatorial election contest between William S. Vare and William B. Wilson.
- Pennsylvania, West Virginia, and Ohio, conditions in coal fields of.
- Pepper-McFadden banking bill, alleged lobbying activities in connection with.
- Petroleum industry.
- Philippines, economic conditions in the.
- Police and other departments and offices in the District of Columbia, charges of inefficiency and corruption in.
- Post-office buildings and commercial postal stations and substations, leases for.
- Post Office Department, expenditures of.
- Post Office Department, night work in.
- Power and communications in interstate and foreign commerce, certain matters relating to.
- President, Vice President, and House of Representatives, campaign expenditures of candidates for.
- Presidential, vice presidential, and senatorial candidates in 1932, campaign expenditures of.
- Presidential and other candidates, campaign expenditures of.
- Presidential candidates, campaign expenditures of.
- Presidential elections, campaign expenditures in.
- Prices of certain foods—bread, flour, sugar, and meat.
- Prisoners, Federal, in Federal, State, county, and municipal prisons and jails.
- Profiteering in military aircraft * * * in purchase of property from public funds, etc.
- Propaganda, Communist.
- Propaganda activities, Nazi and other.
- Propaganda and lobbies in Washington, expenditure for.
- Propaganda or other unfair methods, organized effort to control Congress by.
- Prosecution of the Aluminum Co. of America by the Department of Justice.
- Public buildings in small towns, erection of. See Air and ocean mail contracts, etc.
- Public domain, national forests and the.
- Public-utility corporations, stock ownership in, by holding companies and others.
- Pyramid Lake Indian Reservation, situation on.
- Race, color, and creed discriminations * * * House of Representatives restaurant.
- Rackets and racketeering.
- Railroad properties, consolidation and unification of.
- Rainy Lake watershed in northern Minnesota, protection and conservation of lands within.
- Readjustment of salaries of officers and employees of Congress.
- Real-estate and finance corporations, activities of, in the District of Columbia, concerning the sale of mortgage bonds upon property.
- Real-estate bondholders' reorganizations.
- Receivers, trustees and referees in bankruptcy, appointments, conduct, proceedings, and acts of.
- Reconstruction Finance Corporation, loans made by.
- Reconstruction Finance Corporation, transactions and operations of.
- Reforestation. See also national forests and the public domain.
- Rental conditions in the District of Columbia. See also housing and rental conditions, District of Columbia.
- Restaurant, House of Representatives, race, color, and creed discriminations, and control by Committee on Accounts.
- Rice. See agricultural products, particularly rice.
- Ritter, Judge Halsted L., official conduct of.
- Rivers. See Colorado River Basin; Columbia River, Sand Island in; Kern River; Mississippi flood-control project; Sacramento River; St. Lawrence Waterways Treaty; San Joaquin River; San Pedro River.
- Sacramento, San Joaquin, and Kern Rivers in California, utilization of water resources of.
- St. Lawrence Waterways Treaty.
- Salaries of officers and employees of Congress, readjustment of.
- Salt Creek field in Wyoming, naval oil-reserve leases extended to include.
- San Joaquin, Sacramento, and Kern Rivers in California, utilization of water resources of.
- San Pedro River in Arizona, utilization of the water resources of.
- Sand Island in the Columbia River, location of, in the State of Oregon or in the State of Washington.
- Santa Fe Railroad, action of Interstate Commerce Commission in refusing to suspend certain tariff rates on.
- Senatorial campaign expenditures.
- Senatorial campaign expenditures, 1930.
- Senatorial campaign expenditures in New Jersey, 1928.
- Senatorial contests, 1934, campaign expenditures in.
- Senatorial election contest between William S. Vare and William B. Wilson from Pennsylvania.
- Senatorial election contest in Minnesota, *Johnson v. Schall*.
- Senatorial election contest in Iowa, *Steck v. Brookhart*.
- Senatorial election contest in New Mexico, *Bursum v. Bratton*.
- Senatorial election in Texas, alleged unlawful practices.
- Shearer, William B., alleged activities of, at Geneva Naval Conference.
- Shiloh National Park, Pittsburg Landing, Tenn., charges of incompetency and abuse of official duties by superintendent of.
- Short selling of listed securities upon stock exchanges.
- Silver, cause and effect of present depressed value of.
- Silver inquiry, gold and.
- Sims, Admiral, remarks in London.
- Soldiers' hospitals and homes.
- Steck v. Brookhart*, senatorial election contest in Iowa.
- Stock-exchange practices.
- Stock exchanges, short selling of listed securities upon.
- Stock ownership in public-utility corporations by holding companies and others.
- Submarine, sinking of the S-4.
- Sugar price control during World War, Cuban and Puerto Rican.
- Sugar prices, etc.
- Tariff, administration of flexible, and appointment of members of Tariff Commission.
- Tariff Commission, appointment of members of, and administration of flexible tariff.
- Texas, centennial of the independence of the Republic of, extent of, if any, participation by the Government in.
- Texas, senatorial election, alleged unlawful practices.

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Union Mortgage Co., of Cleveland, Ohio, action or inaction of Department of Justice in case of.

United States air services, Army, Navy, mail.

United States Forest Service, matters relating to contract between Fred Herrick and.

United States Shipping Board, proposed sale of certain vessels operated by, and reconditioning of other vessels.

United States Shipping Board and Emergency Fleet Corporation.

United States Veterans' Administration, economies in Government cost of, etc.

United States Veterans' Bureau, alleged irregularities and mismanagement.

United States Veterans' Bureau, leases and contracts.

Useless offices, abolishment of.

Vare, William S., versus William B. Wilson election contest.

Veterans receiving compensation or pensions from United States Government, financial affairs of.

Veterans' relief and benefits, national policy for veterans and their dependents, and economies in Government cost of the Veterans' Administration.

Veterans. See also World War Veterans, United States Veterans' Bureau, Soldiers' hospitals and homes, National Disabled Soldiers' League.

Waco, Ala. See Muscle Shoals.

War Finance Corporation, loans and advances in Idaho.

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Washington, State of, location of Sand Island in the Columbia River.

Water resources of the Sacramento, San Joaquin, and Kern Rivers in California, utilization of.

Water resources of the San Pedro River in Arizona, utilization of the.

West Virginia, Pennsylvania, and Ohio, conditions in coal fields of.

Wheat and flour prices, etc.

Wheat price fixing by Government during World War, farmers' losses on account of.

WHEELER, Senator BURTON K., charges against, in indictment in a Montana court.

Wild-animal life, all matters pertaining to replacement and conservation.

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Wilson, William B., against William S. Wilson, election contest.

Winslow, Francis A., United States district judge in New York, official conduct of.

Wirt, Dr. William A., certain statements made by.

World War veterans, agencies of Government dealing with.

World War veterans, see also veterans; United States Veterans' Bureau.

Yellowstone and Grand Teton National Parks, activities in connection with proposed enlargement of.

Yellowstone National Park, change in boundaries of, and certain other parks.

Zihlman, Representative Frederick N., alleged charges against.

WHY HEROIZE THE DEAD WHILE THE LIVING STARVE?

Mr. HOEPEL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a letter which I addressed to the Buffalo Evening News.

Mr. RICH. Is this a letter that the gentleman has written?

Mr. HOEPEL. It is.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HOEPEL. Mr. Speaker and Members, I am in receipt of a communication from the Buffalo Evening News which requests my support to advance the bill of Senator ROYAL S. COPELAND (S. 938), creating a commission to plan a suitable memorial for America's war dead. I replied to this communication as follows:

I acknowledge your circular letter wherein you request support for the Copeland bill, creating a commission to plan a suitable memorial for America's war dead.

I served 28 months in France and I am writing to inform you that if we had less publicity for war and more publicity for peace, it is very likely we would be spared future capitalistic wars. Every home in France is adorned with pictures which appeal to martial thought, and every street corner has a memorial to some man whose greatness consists in having butchered more of his opponents than were butch-

ered on his own side. If the newspapers of the United States and the world would give less publicity to war and more publicity in the interest of peace and a square deal, one to another, we would be spared the enormous tax burden now necessary because of past and future wars.

I yield to no one in respect to America's war dead but these war dead, if they could survey Europe with its dictatorships, with its murderous Hitlers, and others, would consider that they had sacrificed their lives in vain. If they could look back and see the distress and suffering in our own country today, which is primarily due to war, would they wish a memorial to themselves, or would they rather have a living memorial of service and helpfulness to the unemployed, the aged, and the distressed citizens?

If you will publish this letter, your readers can give you the answer.

FEDERAL EXPENDITURES FOR RELIEF IN THE STATE OF NEW JERSEY

Mr. KENNEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a resolution of the House of Assembly of the State of New Jersey.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. KENNEY. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following resolution of the House of Assembly of the State of New Jersey by Mr. Pascoe, of Union County, introduced and adopted April 1, 1935:

THE ONE HUNDRED AND FIFTY-NINTH LEGISLATURE

OF THE STATE OF NEW JERSEY,

Assembly Chamber, State House, Trenton, N. J.

Whereas the people of New Jersey pay into the Federal Treasury in taxes over \$96,000,000 annually, and in allocating the same only about \$52,000,000 is returned to the State of New Jersey, including appropriations for emergency relief; and

Whereas we learn from the CONGRESSIONAL RECORD of February 22, 1935, that in making appropriations for emergency relief to the various States there are several States which receive a vastly greater percentage of their relief requirements from the Federal Government than does our State of New Jersey; and

Whereas such a plan is manifestly unfair and inequitable to the people of New Jersey as compared with the citizens of other States; and

Whereas there are some 125 municipalities in our State which have defaulted in whole or in part on their municipal obligations or are using scrip to pay their expenses, and the imposition of additional taxes to raise money for emergency relief will further aggravate this financial situation: Therefore be it

Resolved, That the House of Assembly for the State of New Jersey does hereby request our United States Senators and Congressmen to support the request of Governor Hoffman and that they do present the above facts to the Federal Director of Emergency Relief and ask for a more equitable distribution of Federal taxes paid by the people of New Jersey, particularly emergency relief funds; we ask this in the interest of the overburdened taxpayers of our State; and be it still further

Resolved, That a copy of this resolution be forwarded forthwith to the United States Senators and each Congressman from New Jersey and to the Governor of New Jersey.

LESTER H. CLEE,

Speaker of the House of Assembly.

Attest:

FREDERICK A. BOWMAN,

Clerk of the House of Assembly.

I hereby certify that the above is a true and correct copy of a resolution adopted by the house of assembly April 1, 1935.

FREDERICK A. BOWMAN,

Clerk of the House of Assembly.

INHERITED CONCEPTS AND PUBLIC UTILITIES

Mr. SCOTT. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. SCOTT. Mr. Speaker, I fear this House is suffering from a very advanced case of inherited concepts. It is insisting upon the retention of a lot of outmoded theories and practices peculiar to the eighteenth century. Some of them have been with us so long, perhaps we have developed such a sentimental attachment for them we just cannot bear to be parted from them. It may take a major operation to remove some of these inherited concepts that are keeping

our economic system in a comatose condition and rendering some of us almost non compos mentis. Such a major operation might be the beginning of an economic convalescence.

Here is an example of what I mean: A proposal is made to tax the American people to secure money enough to guarantee to every person a monthly income of \$200. Immediately comes the cry, "Where are we to get the money?" and "We cannot, under our system, collect enough money to pay a pension of that size." For the sake of argument, grant the contention is sound. Who ever took from Congress the right to change our monetary system when it begins to prevent our doing something we want to do? The proposed bill, H. R. 7260, is to provide security; not to maintain an eighteenth-century monetary system. When we talk security, let us talk in terms of goods and people; not in terms of an inherited concept, a monetary system which cannot be changed to meet changing conditions.

Here is another example of what I mean by inherited concepts: For years we believed the organization of economic activity rested in the market place. That was true once. But now administration has in many instances replaced the market place. Yet we continue to legislate as though the market place were still the controlling factor.

The holding companies in the public-utility field dominate the activities of hundreds of thousands of people within their systems. During the depression, hundreds of little concerns were wiped out. The big ones held on. By 1932, 200 companies controlled something like 54 percent of the wealth of all nonfinancial corporations. What effect can the market place have on this administrative organization? We can no longer rely on the market place as a coordinator of economic activity. We are in the twentieth century. Then let us adopt twentieth-century concepts and forget those inherited from the eighteenth century.

One more example of what I mean: We have the Rayburn-Wheeler bill to gradually eliminate holding companies. People immediately begin to utter the usual platitudes about private property. They are talking about an eighteenth-century private property. Twentieth-century private property is something else again. The words are the same but the concepts are different.

The concept of private property inherited from the eighteenth century contemplated ownership and control vested in one person. This is no longer true in the case of the holding companies. Ownership is lodged in the hands of thousands, but the control of the holding company and its operating company subsidiaries is in the hands of a few financial manipulators at the top who juggle the stocks and interest of the real owners for their own benefit and the inevitable detriment of the owners.

Why, Mr. Speaker, this greedy little group got such a strangle hold on the capital structure of the billions of dilapidated dollars that they almost wrecked the financial system of the country. Who said private property? Even law schools have ceased to indoctrinate their innocents with the inherited concept of an eighteenth-century private property. They are recognizing the dissolution of the old private property and are teaching that property is a bundle of rights and powers—a bundle of relationships between persons.

Let me quote from an article by Gardiner C. Means in the *Political Science Quarterly* for March 1935. Perhaps it will give a clearer picture of what I have in mind.

The shift of large segments of economic activity from coordination through the market place to coordination through administered activity has thus gradually sucked controls over economic activity away from the three parties mainly at interest—the security holders, the workers, and the consumers. It has placed this control in the hands of administrators, nominally responsible to the security holders but factually responsible in all too many cases to no one. Such a concentration of controls leaves the security holders, the workers, and the consumers—the forgotten men—with great and basic interests in industrial activity, but with minimum controls over it. Controls without interests lead to irresponsible actions. Interests without controls lead to social frustration.

I want to give a little more time to this proposed holding-company legislation. With this twentieth-century concept of private property, what shall we do about them? We cannot let them go unchecked. We cannot control them.

They are too big to control. They can control the boards set up to control them. Hon. Gifford Pinchot, of Pennsylvania, has said:

Nothing like this gigantic monopoly has ever appeared in the history of the world. Nothing has ever been imagined before that even remotely approaches it in the thorough-going, intimate, unceasing control it may exercise over the daily life of every human being within the web of its wires. It is immeasurably the greatest industrial fact of our time. If uncontrolled, it will be a plague without previous example. If effectively controlled in the public interest, it can be made incomparably the greatest material blessing in human history.

Carl D. Thompson has this to say:

Hearings developed the fact that the utility situation has involved every other institution in the country, the banks, the insurance companies, and even the educational institutions. Read the record.

They have canvassed the textbooks used in the schools in every State in the Union, according to this record. They have reported upon the textbooks used in teaching your children economics. Wherever they have found in these textbooks statements that were hostile to their interests, they have gone to the school board, so they say, and have insisted that the objectionable statements be eliminated. In some cases they have asked that the textbook be eliminated entirely. And they say that they have been very successful. This is the Government record.

They have gone so far as to enter into agreements with publishers of textbooks for the schools to the effect that these publishers will not bring out a text book on economics until they have first submitted the text to the power companies themselves, so as to be sure that the text books are safe and sane and dependable. This peril has invaded our banking system, our insurance system, our investment system, as well as other institutions, until it has imperiled every institution of a free people and democracy.

This, it appears to me, leads to only one conclusion. We must first provide as the Rayburn-Wheeler bill does for the gradual elimination of this octopus called the holding company. Our second step must be the continuation of such projects as Muscle Shoals, Boulder Canyon, Grand Coulee, Bonneville, Casper-Alcova, Fort Peek, North Platte, and Columbus until we have located over the country enough Federal owned and operated generating plants to supply to publicly owned distributing systems electric light and power sufficient to meet the needs of the entire country.

The advantage of the elimination of the control of the holding company is in my opinion enough to make this a part of any first or must program.

It might be well now to list some of the advantages of public ownership of public utilities. In doing this, I refer to an address delivered by Carl D. Thompson, secretary of the Public Ownership League of America:

1. It requires less capital to establish a public service than it does a private one. The average value per kilowatt of generating capacity for the municipally owned plants is \$180, while that for the private plants is \$339.

2. A city can borrow money more cheaply than a private company.

3. A municipal plant always amortizes or pays off its capital account. In this way it gradually lessens the interest and principal payment each year until finally, at the end of 20 or 25 years, they are eliminated entirely. Private companies do not pay off their capital account. From two-thirds to as high as four-fifths of the cost of electric current can be saved by municipal ownership by this one means alone of amortizing the capital account and thus eliminating the capital charge.

4. Municipal ownership avoids the evils and dangers of overcapitalization. By manipulating stocks and bonds, by issuing fictitious securities, by mergers and combinations, by capitalizing earnings and the increasing value of land, by refusing to eliminate dead capital, and other similar devices, and last, and most subtle of all, by the device of the holding company the private owners of public utilities have heaped upon their properties enormous charges. The Federal Trade Commission has found over \$925,000,000 of watered stocks, inflation, or fictitious values in the capital account of the electric utility corporations of the United States.

5. Municipal plants invariably reduce rates in a community as soon as they are established. A municipal plant which is generally established in competition with a private plant invariably compels a private plant to reduce its rates.

6. Private companies unduly favor large consumers at the expense of the small consumers, although the latter constitute by far the greater part of the public.

7. The city secures complete control of rates and service. For a commission of three men to consider all of the several thousands of utility cases in a State and do justice to all is a physical impossibility, even assuming that the commissioners are absolutely honest, fair, and impartial. Moreover, no city can afford the expense of hiring an army of high-priced attorneys, public-utility experts, and engineers and keeping them through interminable hearings to meet the forces which these powerful corporations have permanently employed. But what makes the hope of any relief or protection from this source utterly groundless and delusive is the fact that even if the cities are in rare instances successful before the commissions the companies appeal to the courts. There the commission's rulings are promptly over-ridden. And no matter how solemn a contract a city may have with a company affecting rates or service, the courts do not hesitate to set it aside, if it can be shown to their satisfaction that the rates are "confiscatory."

8. Public ownership lowers the cost of public service.

9. A municipal light and power plant is a moneymaker. Municipal plants by the hundreds, everywhere, all over the country are paying for themselves, paying interest charges, paying off the funds borrowed to start them, and, besides, many of them are paying for their extensions and improvements out of earnings and contributing to other public expenses that actually reduce tax burdens.

It is often asked, "Do municipal light plants pay?" This question was answered in a report of the Commonwealth Club of San Francisco, as it pertains to the municipal plants of California.

It was found that after paying all operating expenses, depreciation on the investment, interest on debt, and all items of expense except taxes that the private companies pay, the cities made the following net profits annually:

City	Popula- tion	Net profit
		Percent
Pasadena.....	76,086	47
Redding.....	4,188	46
Anaheim.....	10,995	46
Glendale ¹	62,730	45
Lodi.....	6,788	38
Healdsburg.....	2,296	37
Alameda ¹	35,033	35
Riverside ¹	29,696	35
Palo Alto ¹	13,652	34
Roseville.....	6,425	32
Santa Clara.....	6,302	28
Los Angeles ²	1,238,048	28

¹ City owns distribution system only.

² Competitive plant.

It is further reported that the savings in lower rates to the citizens amounts to an average of over 10 times the amount lost through taxes.

Twenty-one California cities now own their electric distribution systems.

10. The smallest city can make it succeed.

11. A municipal light and power plant would mean a better lighted city.

12. A municipal electric light and power plant means better homes in the community.

13. A municipal plant means better and more business for the local businessmen. The power companies are everywhere entering the merchandising field, selling all kinds of electrical equipment, fixtures, and attachments at prices below cost and making up the loss by charging high rates for electric service.

14. With low electric light and power rates, industries can develop and multiply; new ones can be drawn to the city.

15. A municipal light and power plant helps the community by making it easy and natural to coordinate the public services.

16. If the city owns its own municipal light and power plant, the earnings stay at home and thus go to the building of the local community.

17. A municipally owned light and power plant enables the city to secure the advantages of interconnection and co-operation with other cities.

18. It substitutes the principle of public service for that of private profit.

19. A private corporation operating a public utility is constantly at variance with the community.

20. Municipal ownership puts the private corporations out of politics.

21. Since the whole life, progress, and prosperity of the community is dependent upon electric service, the city and its people must choose whether they are to own it or be owned by it.

22. We are confronted with the possibility of a complete and Nation-wide monopoly of the power resources of the continent.

Senator NORRIS, speaking on this subject in 1925, said:

I have been dumbfounded and amazed, and the country will be dumbfounded and amazed when it learns that practically everything in the electrical world is controlled either directly or indirectly by some part of this gigantic trust. It controls from one end of the country to the other the generation and distribution of electricity by water power and by other means and the manufacture and sale of electrical appliances, running all the way from a little electric bulb in the house lamp to the gigantic generator that will handle without trembling from 30,000 to 60,000 horsepower. A gigantic trust that has fastened its fangs upon the people of the United States from the Atlantic to the Pacific and from the Great Lakes to the Gulf.

Now, I want to sum up. We are looking for economic security on a decent-living standard. This seemingly cannot be achieved if we insist upon retaining all of our inherited concepts. One of these concepts that must go is the one about private property in the public-utility field. Control is no longer as one with ownership. This results in irresponsible control. This results in what the President termed "theft within the law." Ownership and control, then, must be vested once more in the people.

When this part of our economic problem is solved we can turn to others.

PERMISSION TO ADDRESS THE HOUSE

Mr. LUCAS. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. LUCAS. Mr. Speaker, on last Monday evening in the city of Springfield, Ill., there appeared the irresistible and distinguished Congressman from New York, Mr. HAMILTON FISH, for the purpose of making an address to the Young Republican Club of that city. The Illinois State Register, which is the official organ of the national administration in the down-State part of Illinois, reported that the gentleman from New York harangued the multitude and pawed the air for 2 solid hours discussing the current questions of the hour, and particularly condemning and criticizing the new-deal policies of the President of the United States, as the gentleman from New York has frequently done upon the floor of this House.

Mr. Speaker, there is a Republican club in Cook County, Ill., and which, I am informed, has branches throughout the State, which has for its purpose chiefly "To rescue the Republican Party of Cook County, Ill., from the profanation and control of the hoodlums and those who have exploited the party for their selfish interests and to restore it to the keeping of God-fearing men and women who have kept the faith and who follow in the footsteps of Lincoln and the fathers."

The article I previously referred to did not state which one of the Republican branches the distinguished gentleman from New York addressed in Illinois, but knowing him as I do, I am certain he addressed those who want to follow in the footsteps of Lincoln.

My colleagues, there is something strange about Springfield. It has a fascination and an attraction for those who have the Presidential bee in their bonnet, and when one goes to that great city of patriotism and hospitality, the city

where Lincoln loved and lived and is buried, he immediately finds himself enmeshed in surroundings which breathe dignity and power. He finds himself surrounded by flowers, photographers, and a deep mental inspiration, the result being that his chest expands, and he becomes imbued with an idea that he was probably sent for the purpose of performing some political miracle, and that it is up to him to do something worth while for his country. In that Lincolnian atmosphere we find the scholarly gentleman from New York mingling with his fellow Republicans, condemning and criticizing the new deal from every angle. Yes, Mr. Speaker, condemning and criticizing the new deal from every angle, but failing to make a single constructive suggestion as a substitute to any of the new-deal policies which are now in active operation and are proving themselves to be a tremendous assistance to mankind in this economic storm through which we are drifting.

Mr. Speaker, there are countless others in the past who, assuming they were Republican Presidential timber, have gone to the shrine of Lincoln for hope and courage. Around that inn of immortality young Republican candidates for the highest office within the gift of the people have lingered, and if they stay long enough—and most of them do—they become inspired with the feeling that they were sent to that section of the country by some superpower to obtain from the dead Lincoln a spiritual decree which will authorize and direct them to go forth under the open skies of America and save the Republic.

And so today we find the delightful Congressman from the Empire State out in the Middle West, feeling the pulse of the people to determine whether or not they will draft him to be the Presidential nominee in 1936.

Mr. Speaker, I admire the courage of this fighting Congressman in starting his Presidential campaign in the State of Illinois, in view of the fact that it was only last November when the voters of that great State elected every man running for a State office by a plurality approximating some 300,000 votes. It was that election which sent, in a State-wide fight, two distinguished sons of Illinois as Congressmen at large to this great body, and who are now actively participating in the affairs of Government on the Democratic side, namely, the Honorable MARTIN A. BRENNAN, of Bloomington, and the Honorable MICHAEL L. IGOE, of Chicago.

And then again, I must commend the courage and the fortitude of the distinguished gentleman from New York when I think of his starting his campaign in Illinois right on the heels of the greatest political upheaval in the history of America. It was only a week ago last Tuesday that the Chicago voters went to the polls and gave to that fine and splendid executive, the Honorable Edward J. Kelly, the greatest plurality for mayor that any individual ever received in any city election during our entire history. His majority over all opponents was 543,853.

The election of the entire State ticket last November, and the election of the greatest mayor that Chicago has ever had, on April 2, is a barometer as to what is going to happen to the Republicans in the Nation in 1936. I sincerely hope that the Republican Party in convention assembled will see fit to place Congressman FISH at the head of the ticket to lead their cause in the next Presidential election. And if that happens, I make the prophecy now that the great humanitarian in the White House, who will be the Presidential nominee in 1936, will carry the State of Illinois by not less than 500,000 votes. [Applause.]

[Here the gavel fell.]

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent that the gentleman from Illinois may proceed for 5 additional minutes.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object—

Mr. WITHROW. Mr. Speaker, I object.

TWO SIDES OF THE T. V. A.

Mr. FADDIS. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record.

The SPEAKER. Is there objection?

There was no objection.

Mr. FADDIS. Mr. Speaker, this move by the T. V. A. to extend its activities into the Cumberland and Tombigbee Valleys is a typical example of the activity of bureaucracy to promote its own growth. A year and a half ago we set up the T. V. A. to be a yardstick for use in determining fair rates for power companies. Here they are now asking to be increased to a 50-foot chain. Not only is the T. V. A. seeking to promote its own growth, but it is reaching out to secure for itself unprecedented powers. Ever since the foundation of this Nation, the Congress has been the only branch of the Government having the power to acquire or dispose of property. Now comes this Board of the T. V. A. demanding that it be vested with this power. When is the Congress of the United States going to take drastic steps to curb the growing power of bureaucracy? Bureaus are born, but never die. Their voracious appetite for public funds increases, even faster than their growth.

As a measure to promote national defense, by making nitrates available for munitions in time of war and for fertilizers in time of peace, the T. V. A. was justified. It is justified also as a yardstick for utility rates, providing its calculations are honestly arrived at and justly applied. When they attempt, however, to socialize industry by soliciting various industries to move into this section of the country because of potential cheap power rates, that is a different matter. No doubt such a movement would result in a favorable development of this section, but to the detriment of other sections. It is undoubtedly robbing Peter to pay Paul. Any opposition to any extension of either the scope or authority of the T. V. A. on these grounds is certainly unjustified. We cannot solve our problems of unemployment by shifting them from one section to another. We can only intensify them by such methods. We must approach them from a national, not a sectional viewpoint.

As to the proposal to slack the Tennessee River in order to facilitate river transportation as far as Knoxville, Tenn., the benefits of such a proposition are very doubtful to say the least. The manganese in that region is of too low grade to be used in competition with manganese from regions where it is of much higher grade. As for the coal fields to be opened, we already have twice as many coal mines opened as we can normally support. Why subject an already overdeveloped industry to further competition? One of our major problems of unemployment is to provide employment for our bituminous-coal miners. Those who might be placed in employment by the opening of this coal field have land upon which to raise their living. That is more than the miners in most other sections have. Why take any of our population now living from the soil from that soil? We are now face to face with the necessity of returning a large part of our population to the soil in order to enable them to exist, if we would but face conditions honestly.

As to flood control and the rehabilitation of eroded lands, it does not seem reasonable that those who for years and years have permitted severe soil erosion because they would not avail themselves of cover crops and proper methods of tillage will avail themselves of more intricate methods to bring their lands back to a productive basis.

From the latest testimony on the matter, it seems that entirely too little attention is being paid to one of the primary reasons for the establishment of the T. V. A.—national defense. We have the right to expect it to be devoted to this purpose—a punitive agent to the enemies of this Nation in event of an emergency.

On the other hand, it is amusing to hear the representatives of the power companies protesting to high heaven because the activities of the T. V. A. have forced them to sell some of their holdings to the T. V. A. Since when has big business become so considerate of the rights of competition? Are these power companies at the present time not endeavoring to drive from business all competition in the field of producing and selling electrical devices? Who has pursued methods more ruthless in stifling competition than the industrial captains of the past? They should be reminded that "he who comes before a court of equity should come with clean hands."

In many of the States the utility companies and similar interests entered into politics and secured control, body and soul, of State senators, legislators, Governors, and public-service corporations or like administrative bodies. By such means they secured legal sanction to finance themselves in highly irregular manners and charge excessive rates to consumers. They had no compunctions against issuing watered stocks or like practices which were certainly detrimental to the public interest. They seek to secure sympathy now by citing the amount of their stock owned by widows and orphans. By their ruthless and irregular methods of business in the past they have provoked a storm of protest from an outraged public and are fearful of the consequences.

There are two sides to this question as in all others. At all hazards governmental ownership must not be extended to the point where it will crush private business. Just the same, I believe the value of the T. V. A. as a yardstick will be proven by future developments. Even so, I do not believe we can afford to allow it to develop unchecked or to extend its domain any farther.

SOCIAL-SECURITY BILL

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 7620) to provide for the general welfare by establishing a system of Federal old-age benefits, and by enabling the several States to make more adequate provision for aged persons, dependent and crippled children, maternal and child welfare, public health, and the administration of their unemployment-compensation laws; to establish a Social Security Board; to raise revenue; and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 7260, with Mr. McREYNOLDS in the chair.

The Clerk read the title of the bill.

Mr. TREADWAY. Mr. Chairman, I yield myself such time as I may need and I would appreciate being notified when I have consumed 30 minutes.

The CHAIRMAN. The gentleman from Massachusetts is recognized for 1 hour.

Mr. TREADWAY. Mr. Chairman, I admire the lack of courage of the majority. There are two very apparent reasons why there has been quite a lapse of time since the Ways and Means Committee reported the social security bill.

First, it was necessary to receive instruction from the White House; and second, the majority were endeavoring to see whether they could muster votes enough to pass the bill under a gag rule. Having come to the conclusion that it was impossible to do this, it was decided to handle this "hot potato" under an open rule and take their chances on mustering enough votes to put the bill across in something like the form that the committee has reported.

They have taken the right course, but for the wrong reason. This bill contains such vital issues that it should be thoroughly and completely discussed, and, I hope, very materially amended, before it reaches a final vote.

LITTLE TESTIMONY FROM PRACTICAL PEOPLE

In his lengthy explanation of the measure yesterday, our distinguished chairman, the gentleman from North Carolina, stated that the Ways and Means Committee had given most careful consideration to this bill and that ample opportunity had been given to everyone to appear in opposition to this bill that desired to do so. Theoretically, that statement is correct; practically, it is not.

While this measure has been before Congress since the middle of January, and more than a thousand pages of testimony have been taken, I want to call attention to the fact that there was little testimony from persons of experience in business lines. Practically everybody who appeared had some part in drafting the legislation or was consulted with respect to the problems involved. There were not to exceed a half dozen persons who testified who were not a part of the present new-deal administration.

REVISED DRAFT NOT PUBLIC UNTIL AFTER APRIL 4

While the bill was being revamped, and while it was under consideration in the form in which it is now presented, the bill was not made public. Every copy issued to the members of the committee was marked "confidential", and the interested parties all over the country had no knowledge whatsoever of the contents of the present measure before it was introduced on April 4.

Moreover, it is such a complicated bill, containing so many different titles and different ideas, that the average citizen would have much more difficulty in understanding it than we Congressmen, who have had it before us.

OBJECTIONABLE TITLES SHOULD BE GIVEN ADDITIONAL CONSIDERATION

Such a departure from present-day policies as is contained in the objectionable titles of the bill should be given the greatest opportunity for study, analysis, and criticism. To say that hearings were held and witnesses did not appear is no argument that the country is for this measure in toto.

The only fair way that old-age annuities and unemployment insurance should be made policies of the Federal Government is after a disinterested commission, composed not only of college professors, members of the "brain trust", and "new dealers", but of people of experience and judgment, has studied such problems for an indefinite period and reached conclusions which could be recommended to the Congress.

I can hear my Democratic colleagues say that the Advisory Board set up by the President's committee was composed partly of such people as I have described. This Board might be regarded as qualified to study the problem, but their services were confined to very short periods and very little consultation. No report from them was submitted to the Ways and Means Committee. There is no evidence as to their attitude toward this measure, nor do we know whether they ever saw the revised bill.

THIS IS PERMANENT, NOT EMERGENCY, LEGISLATION

I cannot emphasize too strongly that very meager and insufficient study has been made of this proposed legislation, under which the Federal Government is to embark upon new and untried policies.

All recommendations of the present administration have been based upon so-called "emergencies", and the legislation has been of a temporary nature, either to be operated for a specified time or canceled in the discretion of the President.

An important part of the legislation contained in this bill is not only new and untried in this country, but haste is urged in the adoption of permanent policies. One of the men principally responsible for the preparation of the bill reiterated several times before the Ways and Means Committee that we should hasten this legislation through in order that it could be submitted to State legislatures before they adjourned this spring. Fortunately, many of these legislatures have already adjourned, and I hope they will adjourn several times more before this hastily and ill-conceived and apparently unconstitutional legislation becomes the permanent policy of the Federal Government.

NO COMPROMISE IN PRESENT BILL

There are two outstanding features in any legislative enactment: First, the possibility of compromise in order that views may finally reach a harmonious conclusion; and, second, the scale of merit.

The first one is not found in H. R. 7260. There is no compromise in it of any kind. The principles laid down in the bill correspond with the original suggestions contained in the report of the President's Committee on Economic Security, which indicates that the majority members of the Ways and Means Committee are entirely subservient to the instructions of the administration.

We therefore look to the second feature for a decision for or against the measure.

DEMERITS OF BILL OUTWEIGH MERITS

I feel that I have been fairly diligent in my attendance at the hearings and executive sessions of the committee, which have run over a period of several months on this measure alone.

It has been my firm effort to become convinced of the merits of the bill, and I have approached the several subjects with an open mind. However, I have come to the conclusion that the demerits of the measure far outweigh the merits.

SHOULD HAVE BEEN FOUR SEPARATE BILLS

If legislation of this character is to be passed by Congress, there should have been 4 separate bills instead of 1, divided into 2 categories: First, those which, according to the views of the minority of the committee, "spring from the desire of the Federal Government to provide economic assistance to those who need and deserve it"; and, second, those which are based upon the principles of compulsory insurance.

FAVOR OLD-AGE PENSIONS, AID TO CHILDREN, ETC.

In the first class are titles I, IV, V, and VI, granting aid to the States for old-age pensions, for the care of dependent children, for maternal and child welfare, and for public health. They carry with them an appropriation for each of the various purposes, which will aggregate less than \$100,000,000 the first year. I am in favor of all of these titles.

OPPOSED TO OTHER TITLES

The other group consists of titles II and VIII, relating to compulsory contributory annuities, and titles III and IX, relating to unemployment insurance. I am opposed to these four titles of the bill. They are not in any sense emergency measures. They would not become effective in time to help present economic conditions, but, on the contrary, would be a definite drag on recovery.

FAVOR INCREASE IN FEDERAL CONTRIBUTION FOR OLD-AGE PENSIONS

Title I of the bill provides for Federal cooperation with the States in establishing and maintaining State old-age pension systems. This cooperation is extended in the form of a grant to the States of one-half the amount expended by them for pensions for the aged, with a limitation on the Federal contribution of \$15 per month per person.

Of the 28 States which now have old-age pension laws, none has a rate in excess of \$1 per day or \$30 per month. If they continue the \$30 rate, the Federal Government will relieve them of one-half the cost, or they can increase the rate to \$45 without any new burden on the State Treasury.

With the Federal Government contributing not more than \$15, the tendency will be to freeze the rate at not more than \$30. I cannot bring myself to believe that a \$30 pension is adequate, particularly in cities, where rents and other living costs are much higher than in rural areas.

If it is to be the policy of the Federal Government to cooperate with the States along this line, I would favor a substantial increase in the Federal contribution for the purpose of meeting the conditions described in section 1, namely, assuring "a reasonable subsistence compatible with decency and health to aged individuals without such subsistence."

UNEMPLOYMENT INSURANCE

Titles III and IX of the bill seek to coerce the States into enacting laws for the payment of unemployment compensation. This coercion takes two forms.

Under title III the Federal Government agrees to grant to the States the sum of \$4,000,000 in the fiscal year 1936 and \$49,000,000 annually thereafter for the purpose of meeting the cost of administering their unemployment-insurance systems, if, as, and when set up. Only one State—Wisconsin—now has such a system in actual operation. The States cannot qualify for this Federal assistance unless their laws meet certain Federal standards of administration laid down in the bill.

The money appropriated is expected to be offset by the incidental revenue obtained from the tax under title IX. Titles III and IX are separated in the bill for constitutional reasons.

DIRECT COERCION ON STATES UNDER TITLE IX

The coercion under title IX, in the guise of a tax, is more direct. Employers of 10 or more persons are required, beginning next year, to pay a Federal tax on their pay roll, but are permitted to offset against this tax, up to 90 percent thereof, any contributions made by such employers to State unemployment-insurance funds.

If the employer's State has no unemployment-insurance law, he gets no credit, but must pay the Federal tax in full. His employees, however, get no unemployment benefits, since the receipts from the tax are simply covered into the general revenues of the Government. Thus, employers will have the burden of a pay-roll tax whether their State has an unemployment-insurance law or not, and they can escape the major portion of the Federal tax only by prevailing upon their State legislature to enact such a law. In effect, title IX forces employers to pay a tax either to the Federal Government or to the State.

RATES OF TAX AND TAX BURDEN

The rate of tax under title IX would be 1 percent in 1936, 2 percent in 1937, and 3 percent in 1938 and subsequent years.

The burden which it would impose on business and industry is estimated by the committee at \$228,000,000 in the first year, \$500,000,000 in the second year, and from \$800,000,000 to \$900,000,000 annually thereafter.

TAX WOULD INCREASE UNEMPLOYMENT AND WOULD BE BURDEN ON BUSINESS

At this point I want to say that I have approached the subject of unemployment insurance with an open mind. I believe in it in principle, and favor its ultimate enactment under State laws. However, I cannot support titles III and IX of the present bill, because I am convinced that instead of contributing to the relief of the unemployment problem they would aggravate it. This would result in the following manner:

First, by putting the penalty on pay rolls the tax under title IX would admittedly have the effect of increasing unemployment.

Second, by imposing a tremendous additional burden on industry and business the tax would seriously retard business recovery.

Moreover, there is a constitutional question involved, since the tax under title IX is not a true tax, but a legislative "club" to force State action along certain lines.

EMPLOYERS WILL REDUCE NUMBER OF EMPLOYEES TO ESCAPE OR MINIMIZE TAX

That the tax will increase unemployment should be rather obvious. In the first place, employers of less than 10 persons are exempted. The natural tendency for employers of slightly more than 10 persons will be to reduce the number below that figure and thereby escape all tax. If, for example, 11 or 12 persons are employed, the tax must be paid on the pay roll of all, but if only 9 are employed, no tax whatever is imposed.

The bill, therefore, offers a direct invitation to reduce the number of employees in a business to nine or less wherever that is possible. At the same time it offers an inducement to larger employers to get along with as little help as possible in order to minimize the pay-roll tax. It is quite apparent, therefore, that, although the tax is in the long run supposed to be of benefit to the unemployed, it actually will increase their ranks.

NO IMMEDIATE BENEFITS TO UNEMPLOYED

I might point out that even if the States promptly enact unemployment-insurance laws no benefits could be paid to the unemployed until after a reserve has been built up, and this, of course, would take several years. Even then benefits would be paid for only a few weeks, after a certain waiting period, and with the present number of unemployed the funds would soon be exhausted.

In this connection I cite the following language in the report of the majority, page 7:

It should be clearly understood that State unemployment compensation plans made possible by this bill cannot take care of the present problem of unemployment.

With respect to the payment of unemployment relief in the future, the report adds:

Unemployment insurance cannot give complete and unlimited compensation to all who are unemployed. * * * It can give compensation only for a limited period and for a percentage of the wage loss.

These statements in the committee's report make clear the fact that this is not in any sense emergency legislation which requires immediate enactment. No quick relief is intended. Hence there is no object in leaving titles III and IX in the bill, particularly when their result will be to increase unemployment rather than relieve it.

So far as the burden of the tax on industry is concerned, I will discuss that more in detail in connection with the tax under title VIII, relating to compulsory contributory annuities.

INOFFORTUNE TIME FOR ENACTMENT

To summarize my position on the subject of unemployment insurance, I may say that while I am in complete sympathy with its general purpose, I do not believe that the present is an opportune time to put it into effect, nor do I believe that the method adopted by the bill is the best or only method for dealing with the problem.

COMPULSORY CONTRIBUTORY ANNUITIES

I am strongly opposed to the provisions of titles II and VIII, which impose upon private industry a compulsory Federal retirement system for superannuated employees and exact a contribution from such employees and their employers, in the guise of a pay-roll tax, to set up reserves out of which to pay retirement benefits.

PLAN IS UNCONSTITUTIONAL

The Federal Government has no express or inherent power under the Constitution to set up such a scheme as is proposed. No one knows this any better than the administration and the Democratic majority of the committee. They have been working for months trying to give titles II and VIII some color of constitutionality. They are not very proud of their handiwork, but they think it is in the least objectionable form from the constitutional standpoint.

TITLES II AND VIII INTEGRAL PARTS OF SINGLE SCHEME

Titles II and VIII are just as closely related as a house and its foundation. The former provides for the compulsory premiums; the latter for the benefits. The two titles go together and neither one is intended to stand by itself.

The reason that these two titles are separated in the bill is that if they were combined, as they should be, they would on their face be unconstitutional, since the Federal Government cannot lay a tax for any other purpose than the raising of revenue for public uses. The tax imposed under title VIII is not a tax at all, but an enforced insurance premium for old-age annuities. The money raised by the tax is not intended for the support of the Government, but to pay the benefits provided under title II to the same employees who are taxed under title VIII. If you will look at the exemptions from the tax under section 811 (b), you will see that they are identical with the exemptions from the benefits under section 210 (b).

MAJORITY REPORT ATTEMPTS TO DECEIVE SUPREME COURT

The report of the majority makes no reference to the connection between titles II and VIII, because they know that the Supreme Court is eventually going to look at that report to see what the intention of Congress was in setting up these titles. They purposely omitted any reference to the connection between the two, because they wanted to try to delude the Supreme Court. I do not think the Court is going to be deceived, however. It is not going to let Congress do in a back-handed way what it cannot do directly.

REAL PURPOSE STATED IN PRESIDENT'S MESSAGE

On page 5 of the report of the majority the inference is left that title II is a Federal benefit system assuring support for the aged "as a right rather than as public charity." This is outright deception. The report also states that title II establishes a "system of old-age benefits, paid out of the Federal Treasury." That, again, is outright deception. Nothing of the kind is contemplated. The real purpose of titles II and VIII is stated in the President's message of January 17, 1935, in which he said that the object of these provisions was to set up a system of "compulsory contributory annuities", which in time would establish a "self-supporting system for those now young and for future generations."

CONSTITUTION SHOULD EITHER BE ABOLISHED OR RESPECTED

Personally, I think this attempt to delude the Supreme Court is rather childish. Either the Federal Government has the power to set up this compulsory insurance system or it has not. The Constitution should either be respected or abolished. What is the sense of having it if we are going to spend most of our time trying to devise ways and means to circumvent it?

SCOPE OF TAX CHANGED FOR CONSTITUTIONAL REASONS

Under the original bill nonmanual workers earning more than \$3,000 per annum were exempted from the tax, and hence from the benefits, but in order to make the tax provisions, standing by themselves, less obnoxious from a constitutional standpoint, the tax was made applicable to the first \$3,000 of the annual wages of all employees regardless of the total salary. Thus, while it was not the intention of the original bill that this higher-salaried class of employees be covered, they were included for constitutional reasons.

Obviously, an alleged tax applying to low-paid employees and not to higher paid ones would arouse suspicion on the face of it. I am afraid that the changes made by the majority still has not removed this suspicion, because it appears rather strange for a tax to apply to the entire salary of a worker earning \$2,500 annually, but to only the first \$3,000 of the salary of a corporation officer receiving, for example, \$100,000 annually.

Usually, we have found that the person drawing a high salary or receiving a large income is the one whom an effort has been made to penalize by taxation. There is a distinct objection where the small-salaried man pays a tax on his whole income and the higher-salaried man gets almost complete exemption.

This again is a reversal of existing policy, in allowing a man of large salary or large income to escape tax on a large portion of his income while his less fortunate neighbor must pay a tax on his entire salary. We have frequently heard references made to socialistic tendencies and the creation of sentiment favorable to socialism. I know of nothing that will be more repugnant to the average wage earner than to think "I am to pay tax on my whole salary while the big fellow pays tax on only a part of his."

When this scheme of taxation becomes known, look out for storm signals.

PRINCIPAL OBJECTION IS BURDEN THE TAX PLACES ON BUSINESS

I know that it is useless to call the attention of Congress to the constitutional limitations on its powers. The administration is not going to play the legislative game according to the rules.

I therefore wish to say that my principal objection to titles II and VIII lies in the tremendous burden which they would impose upon employers and employees.

RATES OF TAX AND TAX BURDEN

Titles VIII imposes a pay-roll tax on employers, regardless of the number of persons in their employ, at rates ranging from 1 percent in the 3-year period from 1937 to 1939, inclusive, to a maximum of 3 percent after January 1, 1949. This tax is imposed on the first \$3,000 of the annual wage paid to each employee.

Title VIII also imposes a gross income tax on the first \$3,000 of the annual wage of the employee, which is deducted by the employer from the employee's wage envelope and turned over to the Federal Government. The rate is the same as that imposed on the employer, beginning with 1 percent on January 1, 1937, and increasing at the end of each 3-year period until the maximum of 3 percent is reached in 1949.

The additional burden on industry and business by virtue of the tax on their pay roll ranges from \$280,000,000, in 1937, to over \$900,000,000 in 1950.

A further \$280,000,000 to \$900,000,000 is annually withdrawn from the wages of employees, and hence from the channels of trade.

TOTAL PAY-ROLL TAXES REACH \$2,700,000,000 IN 1950

Considering the pay-roll taxes under titles VIII and IX together, industry and business are faced with an additional

tax burden of \$228,000,000 in 1936, \$800,000,000 in 1937, \$1,000,000,000 in 1938, and gradually increasing amounts in future years, reaching \$1,800,000,000 in 1950. This would be in addition to income, property, and other forms of existing taxes.

The latter figure does not include the \$900,000,000 annual tax on employees, which increases the total burden to \$2,700,000,000.

TAX MUST BE PAID EVEN IF BUSINESS IS IN THE RED

It should be remembered that the taxes imposed under titles VIII and IX will be collected from businesses operating in the red as well as those fortunate enough to make a profit, and they will have to be paid even if the Government has to take over the business in satisfaction of them.

PAY-ROLL TAXES WOULD PREVENT POSSIBILITY OF RECOVERY

In my opinion, the proposed imposition of the pay-roll taxes imposed under titles VIII and IX constitutes the greatest single threat to recovery of all the administration's ill-advised policies. Business and industry are already operating under very heavy burdens. Many businesses at the present time are barely able to keep their heads above the water, and if they have to face a pay-roll tax for retirement annuities, and another pay-roll tax for unemployment insurance, eventually aggregating 6 percent, they probably will be unable to continue in operation. This means more unemployment, and more uncertainty.

Aside from these taxes, the country is faced with additional income and excise taxes to pay interest upon and ultimately retire the ever-mounting national debt. Where the tax burden will end, nobody knows, and with business trying its level best to stage a recovery amid all sorts of difficulties, restrictions, and impediments, it is not going to help conditions any by putting additional millstones around its neck.

BUSINESS WILL ALSO FEEL EFFECT OF REDUCED PURCHASING POWER OF EMPLOYEES

Not only is business going to be affected by the direct burden imposed upon it, but it is going to feel the effect of having the purchasing power of employed persons reduced by from \$280,000,000 to \$900,000,000 annually. The administration seems to be so much interested in putting purchasing power into the hands of the masses, but here is a measure which will considerably reduce the already existing purchasing power of some 22,000,000 workers.

Mr. BOLTON. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. BOLTON. Do I understand that the annuity tax, or the unemployment tax, goes into effect in 1937?

Mr. TREADWAY. The unemployment tax affects your pay rolls of 1936, collected in 1937.

Mr. BOLTON. Paid in 1937?

Mr. TREADWAY. Yes.

Mr. BOLTON. That is the reason for the date being put off to 1937 instead of 1936.

Mr. TREADWAY. I think there is a little policy involved with respect to the date, when it goes into effect, and I think the gentleman comprehends what that is.

Mr. BOLTON. Yes.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. RICH. This is going to exact a total tax on industry a 9-percent tax bill?

Mr. TREADWAY. Yes; 6 percent on the employer and 3 percent on the employee.

Mr. RICH. Then would it not be a good idea to call this a 9-percent tax bill?

Mr. TREADWAY. That would not be in accordance with the intentions of the proposers of this measure. They want to hoodwink the public and the country into thinking this is a great emergency bill, when it will not be effective for several years.

The CHAIRMAN. The gentleman from Massachusetts has consumed 30 minutes of his time.

Mr. SAMUEL B. HILL. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. SAMUEL B. HILL. Has the gentleman from Massachusetts heard any member of the majority on the Ways and Means Committee claim that this is an emergency bill? Has it not been the contention all the while that this is permanent legislation?

Mr. TREADWAY. I called attention to the fact that this is the most important piece of legislation introduced by the present administration, because all our previous enactments have been emergency legislation, whereas this is a piece of permanent legislation, which strikes me as very foolish.

Mr. SAMUEL B. HILL. And it purports to be permanent legislation.

Mr. TREADWAY. Of course, I absolve the majority of the Ways and Means Committee of ever having represented it as an emergency measure except to this extent: Your chief advocate, to whom I have already referred, wanted to hurry us in the consideration of the most important problem I have ever known to come before the Congress in peace times in order, forsooth, to push it through the State legislatures and get this coercive proposition working quickly. Fortunately we were able to keep that down.

Mr. SAMUEL B. HILL. Is the gentleman disappointed because the Ways and Means Committee provided plenty of time for ample consideration?

Mr. TREADWAY. I do not consider they gave plenty of time when we consider that this is a permanent policy that you are setting up here, upsetting all business conditions, changing methods of doing business, inaugurating a new scheme of a permanent character. I consider that such a measure cannot be given sufficient study in 3 months' time and have it digested by the people. The members of my own committee realize this. I am one of them, and I will acknowledge that I cannot answer many questions that can be asked today about it; and as much as I respect the mentality of the leaders on the majority side, I doubt whether they can answer many questions that can arise here.

Mr. SAMUEL B. HILL. Is the gentleman from Massachusetts opposed to the bill?

Mr. TREADWAY. I shall vote most strenuously in opposition to the bill at each and every opportunity I get. Does that answer the gentleman's inquiry?

Mr. SAMUEL B. HILL. Yes; it does answer the inquiry; but I have a few comments to make a little later on about it.

Mr. TREADWAY. All right; but do not qualify my objection to the bad features of the bill offsetting its good features. You have plenty of window dressing in here and I am going to refer to that.

Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I yield to my native Berkshire friend.

Mr. FITZPATRICK. The gentleman stated that there would be a tax placed on business now in the red.

Mr. TREADWAY. Yes.

Mr. FITZPATRICK. When the sales tax of 3 percent was brought up in the Seventy-second Congress it worked the same way, and did not the gentleman favor it?

Mr. TREADWAY. I am certainly, today, in favor of a sales tax that is fair to everybody, but this tax is a special rather than a general one.

Mr. FITZPATRICK. That tax would have affected all business that was in the red?

Mr. TREADWAY. Yes; it probably would; but that does not answer the question involved in this proposition. Here is a tax on pay rolls. You do not make any point in that comparison, Brother FITZPATRICK. A sales tax materially differs from anything in this bill. I would be glad to argue the difference if time permitted.

Mr. MARCANTONIO. Will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. MARCANTONIO. Is it not a fact that this House turned down the sales tax?

Mr. TREADWAY. It did; and I am sorry it did.

Mr. MARCANTONIO. Is not a pay-roll tax just as vicious as a sales tax?

Mr. TREADWAY. Yes; because this is a specialized vicious tax.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. VINSON of Kentucky. The gentleman from Massachusetts has made a strong argument against title 2 and title 8.

Mr. TREADWAY. I do not think the gentleman from Kentucky agrees with me.

Mr. VINSON of Kentucky. I wondered if it was prepared after the conference held by your Republican friends.

Mr. TREADWAY. No, sir; I have been prepared to go along with the members of the committee if they had stricken out the bad features of the bill. I did not have to wait for the President to return to get instructions from the White House as to how I stood on the bill. The Committee on Rules could not act until after they heard from the White House as to a gag rule.

Mr. VINSON of Kentucky. When the bill was under consideration—and I am not betraying any confidence of the committee, as it has been carried in the press—the gentleman from Massachusetts and his Republican brethren were not as strong in opposition to titles II and IX as at present.

Mr. TREADWAY. But we are not the proposers of the legislation. You men that propose such vicious legislation will take the blame. We will sit by on the side lines and see you operate this great measure. We only have 7 votes against your 18 votes. We know what a minority is. We sat there waiting for the emissary to come from the White House and tell you what was to go in the bill and what was not. I know what a minority is. I have been a Member of the majority as well as of the minority. We never got such instructions when we were in the majority and I hope we never will when we get in the majority again.

Mr. DOUGHTON. Will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. DOUGHTON. Let me say that, as far as I know, as the chairman of this committee, after the original bill was framed, that not one single word, either directly or indirectly, came from the White House or anyone representing the White House, as to what we should do with the bill.

Mr. TREADWAY. I am sorry the gentleman is so ignorant as to the procedure of the Ways and Means Committee. I did not suppose he would admit such ignorance as to what transpired in that committee.

Mr. DOUGHTON. Let me say to my good friend that I am not so ignorant that I cannot tell the truth. [Laughter.]

Mr. TREADWAY. Any time I fail to tell the truth I wish the gentleman would remind me of it.

Mr. DOUGHTON. I would be reminding the gentleman a good deal of the time. [Laughter.]

Mr. TREADWAY. Every time I make an argument contrary to the ideas of my distinguished friend the chairman of the committee, he says some harsh things, but he does not mean it, and we shake hands after it is all over.

Mr. KENNEY. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I yield to the gentleman from New Jersey.

Mr. KENNEY. To ask the gentleman whether he proposed any plan at all for an old-age pension?

Mr. TREADWAY. What a foolish, ridiculous question. What earthly good would it do for us to propose a plan when you Democrats deprived us of three votes on the Committee on Ways and Means. The gentleman should not ask foolish questions; he had better talk about his lottery. That would be much better.

Mr. KENNEY. Perhaps it was foolish to expect a different answer from the opposition, but I compliment the gentleman from Massachusetts for his contribution to my plan for a national lottery.

Mr. TREADWAY. Oh, the gentleman should talk about his favorite pastime.

Mr. KENNEY. Yes; I shall do so during the present emergencies, and credit is due the gentleman for mentioning it, because it was the lottery that put the gentleman's State on its feet, and a lottery conducted by the Government for public benefit, in my opinion, is not gambling.

Mr. TREADWAY. No State ought to expect to pay its bills through gambling devices.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. TABER. Does the gentleman attach any significance to the fact that the Chairman of the Committee on Ways and Means, in answer to the gentleman from Massachusetts in reference to the White House suggestion, stated that no "constructive" suggestion came from there?

Mr. TREADWAY. If the gentleman used that word, I think that qualified him.

Mr. ENGEL. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I will have to continue, if I may.

PAY-ROLL TAXES WILL DECREASE PURCHASING POWER OF THE MASSES BY INCREASING COST OF LIVING

The pay-roll taxes on industry will indirectly decrease the purchasing power of the public generally by adding enormously to the cost of living.

This form of tax, like the turn-over tax, will be applicable to every process of production and distribution and will be pyramided from one stage to another.

PAY-ROLL TAX FOR ANNUITIES ALSO PUTS PENALTY ON EMPLOYMENT

In discussing the pay-roll tax imposed under title IX, relating to unemployment insurance, I pointed out how it would have the effect of increasing unemployment by putting a penalty on employment. The same effect will be produced by the pay-roll tax under title VIII. Here, again, the tendency will be for employers to get along with as little help as possible in order to minimize the tax. This is another respect in which the pay-roll taxes tend to hinder recovery.

BILL GIVES NO RECOGNITION TO PRIVATE PENSION SYSTEMS

One further reason for my opposition to the compulsory annuity provisions of the bill is that they give no recognition whatever to the old-age retirement systems set up by individual employers. This means that these private systems cannot be continued, even though in most instances they provide more liberal benefits than are contemplated by the bill.

PROBLEM OF RESERVES

There is one feature of the compulsory annuity provisions to which I wish to call attention that is generally overlooked. I refer to the matter of reserves.

According to the report of the committee, the reserve for the payment of retirement benefits will reach a maximum of about \$32,000,000,000. That is more than the present national debt.

In his statement before the Ways and Means Committee, the Secretary of the Treasury, in referring to this matter, said:

It should be emphasized that the Federal Government, by inaugurating a national contributory old-age annuity system, is undertaking responsibilities of the first magnitude. Not only is it committed to paying a 3-percent return upon all collections in excess of current benefit payments involved, but it is also diverting for the purpose of old-age security a very large fraction of its possible tax revenues.

I do not very often agree with the remarks of the distinguished Secretary of the Treasury, but I do agree most fully with that statement that we are "undertaking responsibilities of the first magnitude." I suggest that gentlemen read that statement of the Secretary of the Treasury, and consider the underlying thought involved in it. He says we are not only undertaking responsibilities of the first magnitude, but that we are diverting for the purpose of old-age securities a very large fraction of possible tax revenues. There is a great deal of real meat in that.

Mr. PERKINS. And when the reserves reach \$32,000,000,000, how are they to be invested?

Mr. TREADWAY. I am coming to that.

Mr. HARLAN. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Oh, I must yield to my old competitor and opponent always. He always has words of wisdom to expound.

Mr. HARLAN. I just noticed that this reserve of \$32,000,000,000 would not be reached until 1970.

Mr. TREADWAY. Then why store it over in the Treasury vaults, any more than silver and gold that the country is buying up so liberally?

Mr. HARLAN. The gentleman's statement was that our debt could not be reduced until the Republicans get in power.

Mr. TREADWAY. That is correct.

Mr. HARLAN. And I have just merely thought that 1970 would be about the time when that would happen. [Laughter.]

Mr. TREADWAY. Oh, we will take a chance of reducing it before that time with our party in control.

This statement of the chief financial officer of the Government should have careful and thoughtful consideration. It is quite apparent that the establishment of this contributory annuity system is going to have consequences which are little dreamed of in connection with its broader purpose. Yet these consequences are likely to be such that they should not be overlooked.

GOVERNMENT COMMITTED TO PAYMENT OF 3-PERCENT INTEREST ON RESERVE FUNDS

The fact that the Government is committed to the payment of 3-percent interest on the annuity reserve simply means that this country is faced with a permanent national debt of \$32,000,000,000 on that account. Even if the present national debt should be retired—and that could only happen when the Republicans are returned to power—even if our debt should be retired, our taxpayers would still have to pay nearly a billion dollars a year in interest on the annuity reserve.

RESERVE IS INVITATION FOR GOVERNMENTAL EXTRAVAGANCE

What would be the consequence of having \$32,000,000,000 of credit standing in the name of the National Government? Would it not be an invitation for all sorts of pork-barrel schemes and wild-spending sprees? We would have such an orgy of extravagance that even the unprecedented expenditures of the Roosevelt administration would seem small in comparison.

The report of the majority states that this reserve could be used to retire outstanding tax-exempt securities, but I wish to point out that the securities would still be tax-exempt when held by the Government.

Not only is there a large reserve account in connection with retirement annuities but under the provisions of section 904, all State unemployment-insurance funds must be paid into the Federal Treasury and held in trust by the Secretary. The Federal Government is committed to the payment of interest on this fund, which in time may reach large amounts. The existence of this second trust fund aggravates the evils in connection with the annuity trust fund.

It not only is evident that we are taking out of industry a very large annuity and unemployment fund but we are starting a dangerous policy when we commit the Government to paying interest on trust funds held for the States. This interest must be paid whether the Government has any use for the money or not, and the provisions of section 904 of the bill simply add another burden on the American taxpayer. Moreover, it is a burden which they are not essentially under any obligation to bear.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. ROBSION of Kentucky. The gentleman pointed out that industries or concerns employing 10 or more people would finally be subject to a 9-percent tax.

Mr. TREADWAY. Yes; including the tax on employees. The tax under title IX only applies to employers of 10 or more, but the tax under title VIII applies regardless of the total number.

Mr. ROBSION of Kentucky. I would like to hear the gentleman's views on how that will affect those who employ less than 10, for instance 9, who pay no tax.

Mr. TREADWAY. I think I have explained my position on that. A man employing just at that margin, 11 or 12 or 13, will discharge a number so as not to have to pay any tax under title IX.

Mr. ROBSION of Kentucky. If there is a 9-percent differential between those who employ less than 10 and those who employ 10 or more, what effect will that have?

Mr. TREADWAY. Title IX will give the small employer an advantage over the larger employer.

Mr. ROBSION of Kentucky. Is there anything in the bill to obviate that situation?

Mr. TREADWAY. No.

Mr. JENKINS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. JENKINS of Ohio. I think there may be some misunderstanding as between the gentleman from Massachusetts [Mr. TREADWAY] and the gentleman from Kentucky [Mr. ROBSION] with reference to the 9 percent. As I understand it, all of the 9 percent does not apply in the same category with these 10 people.

Mr. TREADWAY. No.

Mr. JENKINS of Ohio. Six in one group and three in the other.

Mr. TREADWAY. Six percent applies under title VIII, to employers and employees, and 3 percent applies under title IX, to employers of 10 or more.

Mr. ROBSION of Kentucky. The 3 percent applies on those who employ 10 or more?

Mr. TREADWAY. That is true of the tax imposed by title IX. The tax under title VIII has no such exemption.

Mr. ROBSION of Kentucky. Just one other question, if you please. The railroads of the country have set up a pension organization. Congress has authorized that, and it is now before the Supreme Court with regard to many other industries. Is there any way to reconcile that, to help those who have already got a system that they prefer to this?

Mr. TREADWAY. On the contrary, the question of private annuities was discussed very fully in the committee. I am breaking no confidence when I say that the majority, which of course has written this bill, would not show any consideration for the corporations that have their own systems of pensions. The gentleman does not blame our side for this composition which I hold in my hand, of course.

Mr. ROBSION of Kentucky. What will become of the tremendous sum that the workers in years past have put into these various annuity funds?

Mr. TREADWAY. There are two features, as I understand it. The first proposition is, they could liquidate, if it was an agreement between the employer and the employee. The other proposition is that if large corporations have insured their employees through an insurance company, those policies could be canceled.

Mr. ROBSION of Kentucky. But there are contracts. How do you get rid of those contracts?

Mr. TREADWAY. I hope I made it plain that I am not defending that proposition whatever. I am only trying to explain it a little bit.

Mr. ROBSION of Kentucky. Does this bill propose to do away with or destroy all those contracts that have been entered into?

Mr. TREADWAY. In effect; yes.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. TREADWAY. I am sure the gentleman from Kentucky will be able to give his colleague better support for the bill than I have been able to.

Mr. ROBSION of Kentucky. I am simply seeking information.

Mr. VINSON of Kentucky. I wanted to speak about that, because the gentleman from Massachusetts [Mr. TREADWAY] has caused the gentleman from Kentucky [Mr. ROBSION] to have an erroneous impression as to the tax upon concerns employing 10 or more and those employing less than 10. The gentleman from Ohio [Mr. JENKINS] is correct in pointing out that the tax on employers of 10 or more falls in one category. That is a 3-percent tax for unemployment compensation, but, after all, the employing of 10 or more does not affect the tax that is collected under title VIII. Old-age benefits will be paid employees regardless of the number employed.

Mr. TREADWAY. Would the gentleman mind giving his explanation in his own time and let me conclude my remarks?

Mr. Chairman, I do not care to yield in order to have speeches made in my time. When I have concluded, I will then be glad to leave the field open, as far as I am concerned.

I yield now to the gentleman from Pennsylvania.

Mr. DUNN of Pennsylvania. From the gentleman's address, I take it for granted he is really in favor of an old-age pension?

Mr. TREADWAY. I am in favor of title I, which is the old-age pension, whereby the Government will pay to States and pay it out and out, from general taxation. Title I does not set up a new taxing scheme. I am opposed to new taxes.

Mr. DUNN of Pennsylvania. I believe an adequate old-age pension would wipe out of existence the abominable poor-houses of the Nation.

Mr. ASHBROOK. Will the gentleman yield for a question?

Mr. TREADWAY. I yield.

Mr. ASHBROOK. I have very great respect for the gentleman from Massachusetts, and I always listen with great interest to whatever he has to say, even though I do not always agree with him. I understand the gentleman is in favor of an old-age pension?

Mr. TREADWAY. Yes.

Mr. ASHBROOK. And that the gentleman is of the opinion that the amount prescribed in this bill is not sufficient?

Mr. TREADWAY. No. I think I would like to see it raised a little, but you will notice the word "little."

Mr. ASHBROOK. The question I wish to propound to the gentleman is what he would favor? How much of a pension would the gentleman favor? What is the maximum pension he would favor?

Mr. TREADWAY. Well, that is a leading question. I admit it is a very fair question, but it is a difficult one to answer. I would refer the gentleman to the clause in the bill, which I think is well stated. Some of the gentlemen wanted an indefinite amount. Others realize that if we go too high we may add to this debt; but let me call the attention of the gentleman to the clause which I read in my remarks in section 1 of the bill:

For the purpose of enabling each State to furnish financial assistance assuring, as far as practical under the conditions in such State, a reasonable subsistence compatible with decency and health to aged individuals without such subsistence there is hereby authorized to be appropriated—

And so forth.

I think that is as close as I would like to go at this time.

Mr. ASHBROOK. Would something like \$50 a month be about right?

Mr. TREADWAY. Oh, I do not think we ought to get into a discussion of figures at all. Of course, it varies. It must vary in various places. I referred to that, and so does the report of the committee. The expense of taking care of these aged people must vary in different communities with different fundamental expenses such as rent, heat, and light.

Mr. ASHBROOK. But it would have to apply to all States alike, would it not?

Mr. TREADWAY. The Federal Government, by the contributory system under the bill, can contribute different amounts up to \$15, which the States must match. That is the provision of the bill. Under this bill, if a State was to have a law under which it put up a contribution of \$25, the Government would only be called upon to match \$15 of that, making a total of \$40 for the person affected.

Mr. ASHBROOK. I wish to say that I still have the same high regard for the gentleman from Massachusetts.

Mr. TREADWAY. It is reciprocal, because we have served together many years. I think it is fortunate that our colleague returned to our fold after so many years' absence, which, of course, was detrimental to the welfare of the Nation, not having him as a Member of this House.

Mr. ASHBROOK. I sincerely thank my distinguished old-time friend.

Mr. TREADWAY. Mr. Chairman, how much more time have I remaining of my hour?

The CHAIRMAN. The gentleman has 2 minutes remaining.

Mr. TREADWAY. Mr. Chairman, I yield myself 5 additional minutes.

Mr. LUNDEEN. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I yield for a brief question.

Mr. LUNDEEN. Is there anything in this bill to take care of the present 15,000,000 unemployed?

Mr. TREADWAY. I should say absolutely not. The system cannot be set up inside of 5 years, and it will probably take a longer time.

Mr. LUNDEEN. Has it not been held out to these 15,000,000 unemployed that this bill would take care of them? It is mere camouflage.

Mr. TREADWAY. The gentleman does not belong, as I understand it, to either major party. He is not criticizing the minority; but he is passing out an awful indictment against the majority who are responsible for the bill that is now before us which contains, as the gentleman from Minnesota well says, a very distinct camouflage; and that is expressing it very mildly.

Mr. PERKINS. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. PERKINS. I am still curious to know how the \$32,000,000,000 of reserve is to be invested.

Mr. TREADWAY. I said I was coming to that. Perhaps I did not make that clear. There are provisions in the bill giving the Secretary of the Treasury authority to issue special bonds. One provision is in section 904 of the bill, on page 51. Another is in section 201.

Section 904 is of sufficient interest and importance that I shall take the time to read it. It is a very unique provision. I never saw it before in any legislation, but they are going to have so much money they will need special bonds to invest it in. I read:

(b) It shall be the duty of the Secretary of the Treasury to invest such portion of the fund as is not, in his judgment, required to meet current withdrawals. Such investment may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose such obligations may be acquired (1) on original issue at par, or (2) by purchase of outstanding obligations at the market price.

This is the interesting part, and I think it answers the question of the gentleman. This is found at line 20 of page 51:

The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of special obligations exclusively to the fund. Such special obligations shall bear interest at a rate equal to the average rate of interest, computed as of the end of the calendar month next preceding the date of such issue, borne by all interest-bearing obligations of the United States then forming part of the public debt.

In other words, if this section passes muster here, it extends authority under the Second Liberty Bond Act to authorize the issuance at par of special obligations exclusively to the fund.

Section 201 also relates to the investment of reserve funds by the Secretary of the Treasury.

Mr. PERKINS. That means the fund may be invested in Liberty Loan bonds?

Mr. TREADWAY. Yes; or a special bond.

Mr. PERKINS. How are they going to invest \$32,000,000,000?

Mr. TREADWAY. I think the authors of the bill on the other side will be obliged to answer that question.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Would the gentleman mind waiting until I have concluded?

Mr. VINSON of Kentucky. I wanted to call attention to the fact that the gentleman from Massachusetts was reading about the unemployment trust fund, and did not touch top,

side, or bottom of the question of the gentleman from New Jersey, who was inquiring about the reserve account for the payment of old-age benefits.

Mr. TREADWAY. Then tell the gentleman where it is.

Mr. PERKINS. Perhaps the gentleman from Kentucky can tell us where they will invest the money.

Mr. VINSON of Kentucky. I shall be very happy to if the gentleman from Massachusetts will yield me 2 or 3 minutes.

Mr. TREADWAY. I am near the end of my remarks. I know the wisdom of the gentleman from Kentucky can await the conclusion of my remarks before he answers the gentleman from New Jersey.

Mr. VINSON of Kentucky. At least I will not refer to the wrong section of the bill.

Mr. TREADWAY. I yield to the superior wisdom on this bill of the gentleman from Kentucky. I do not claim to know much about the bill, but I do not think either he or his colleagues in the House will know much more about it after they get through describing it either. [Laughter.]

CONCLUSION

At this point I repeat that while I am favorable to the humanitarian provisions of the bill making appropriations for aid to the States in providing for old-age pensions, in caring for dependent children, in providing for maternal and child welfare, and in extending public-health services, the other provisions of the bill are, to my mind, so objectionable that I feel obliged to vote against the bill in its entirety if they are retained.

At the proper time I propose to move to strike out the provisions relating to unemployment insurance and compulsory annuities, and if that motion should prevail, I would welcome the opportunity to vote in favor of the remainder of the bill.

BILL WINDOW DRESSED TO CATCH VOTES

Of course, the only reason so many worthy provisions are incorporated in the bill is to catch more votes and make it politically inexpedient to vote against it. I have come to the conclusion, however, that political expediency should be cast aside in favor of calm judgment, and the merits of the bill weighed against the demerits.

Although I would like to vote for the titles I have indicated, I cannot vote for the bill on final passage if I have to take with it other provisions which I deem obnoxious, at least so far as action at this time is concerned.

OBJECTIONABLE FEATURES ARE NOT EMERGENCY

As I have pointed out, the provisions to which I object are in no sense emergency measures. They are not intended for the relief of present economic conditions, but commit the Federal Government to a permanent program of social legislation. Since no form of quick relief is involved, there is all the more reason for considering each proposal separately on its own merits.

A VOTE FOR PAY-ROLL TAXES IS VOTE TO CONTINUE DEPRESSION INDEFINITELY

In closing, I want to emphasize again that the tax provisions of titles VIII and IX place upon business and industry and the employees therein a permanent future burden of \$2,700,000,000 annually—a sum equal to the entire internal-revenue receipts of the Federal Government in the last fiscal year.

For the reasons I have stated, it is my firm opinion that as long as the pay-roll taxes are a part of the bill a vote in favor of the bill is a vote to prolong the depression indefinitely.

Mr. DOUGHTON. Mr. Chairman, I yield 30 minutes to the gentleman from Washington [Mr. HILL].

Mr. SAMUEL B. HILL. Mr. Chairman, I am somewhat confused as to the position my friend from Massachusetts and his colleagues of the minority on the Ways and Means Committee are taking with reference to this bill. In the first place, the gentleman from Massachusetts expressed himself in the early consideration of the bill as being afraid it would be hurried through and passed out of the committee with such promptness that we would not have time to give it proper consideration. When he discovered that the committee was going into every line and provision of the bill and did, in fact, devote about 2½ months to an intensive

study and consideration of the measure, he seemed to be disappointed because his first fears were not realized.

He expresses certain objections to the measure, but I take it that the principal objection he has voiced is based upon what he says is the fact, namely, that it is not an emergency measure and does not take care of the present unemployment situation. No one has ever contended that this is an emergency measure. In fact, the contrary has been asserted time and time again; but I am sure the Members of the House will recall that we have, only recently, passed through Congress what was known as the "Public Works Act", which was and is an emergency measure and which was designed to meet the present situation of unemployment by placing in the hands of the President the means to project public works and to put men to work. That bill did not come before the Ways and Means Committee because it was an appropriation bill. It was not included in this bill because it was not within the jurisdiction of our committee, but it was passed by the Congress, and my friend from Massachusetts and others on his side of the aisle were strenuously objecting to that measure, which was an emergency measure. So I say it is difficult to know how we are to proceed in order to please our friend from Massachusetts.

I have before me the statement of the minority views on the present bill, and in view of what the gentleman from Massachusetts has said in his address just delivered, I hardly know how to construe the statement in these minority views. They are signed by the seven minority members of the Ways and Means Committee. They say in the first part of the statement that the bill separates itself into several titles, which readily and naturally segregate themselves into two categories.

They say that all of the titles other than titles 2 and 3 and the two tax titles that go along with them are perfectly satisfactory to the minority. They engage in some discussion of these titles, but further down in the statement we find this language:

However, we favor the principle of unemployment insurance. These titles of the bill aid those States who desire to establish such insurance, and therefore we resolve all doubts in favor of this legislation.

Just what do the gentlemen on the other side mean by that expression in light of the statements made by the gentleman from Massachusetts in his address delivered this morning? They emphasize the fact further in the statement that their opposition to those two titles is based upon the fact that this is not emergency legislation, and state:

And we also oppose these titles because they would not in any way contribute to the relief of present economic conditions, and might in fact retard economic recovery.

Mr. Chairman, that is not a statement of outright opposition to this legislation. So I was at a loss to understand, and I asked the gentleman from Massachusetts whether he would vote against this bill. He assured me that he intends to do so. I regret very much, in view of the fine cooperation which the Members on the Republican side of the committee gave us in considering the bill, that he cannot go along with us on the final passage of the measure; but if that is his attitude, of course, we will labor along without his support.

No one contends that this legislation is a cure-all. One of the objections that the gentleman made was that title 3, which is the unemployment-compensation title, does not give full and complete insurance against unemployment. Of course, it does not, and no one has contended that it does. However, we do contend that with that title enacted and after reserves have been built up, it will furnish a fund for the maintenance of those who find themselves unemployed for temporary periods, so that in minor depressions, at least, they may be tided over until they can secure reemployment, and in most instances such fund will tide them over until they can get back their old job or can find a new job.

That is all unemployment insurance purports to do. If the gentleman from Massachusetts is looking for full and complete insurance so that full wages will go along for an indefinite period of time, then I think he might consult with

the gentleman from Minnesota [Mr. LUNDEEN], who has a bill here which proposes to pay to every unemployed person over the age of 18 years the full amount of his wages, so long as he is unemployed, and if he is only part-time employed to make up the difference between the full-time wage and his part-time wage. The lowest calculation of the cost of that kind of legislation to the Government, the lowest estimate that you can possibly put upon it, according to the figures given by witnesses who appeared before our committee, is \$10,400,000,000 a year. I wonder if the gentleman from Massachusetts favors that kind of legislation, the kind that calls for an impossible burden of taxation? That is the purport of his argument here.

Mr. Chairman, if the gentleman is in favor of the principle of unemployment insurance, what is wrong with title III of this bill? What kind of a provision can be brought in that would be more reasonable and more bearable as a tax burden than the provision which is in this bill as title III? We appreciate the fact that the character of this legislation is new. You may call it, in fact, revolutionary in comparison with other legislation which this Congress has been called upon to enact, but we are going through strenuous times which have taught us lessons that we must heed. These trying times have pointed out situations ahead of us that we must recognize and meet.

Mr. Chairman, this legislation is forward looking. It means to take care of the future and create conditions in the future operation of the industry and economics of this country that will absorb some of the shock of these panics and depressions; at least tend to stabilize industry and employment and carry the country along over the rough spots until conditions may be righted. The Members of this Congress should be progressive enough in their thoughts and ideas to recognize these conditions and have the courage to meet them. I submit that we are making a step in the right direction in the enactment of this legislation.

Mr. Chairman, I know that it is probably difficult for the Members generally to find the time to study this bill closely and to understand every detail of this legislation. That is no reflection on anyone. I want to confess it is difficult for the members of the Ways and Means Committee, who have studied it for weeks and weeks, to get the full purport and understanding of all its provisions and ramifications. We have done our best to bring in a bill worthy of your consideration and support.

Mr. CLAIBORNE. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield to the gentleman from Missouri.

Mr. CLAIBORNE. Does the gentleman think a Member should vote for a bill that he does not understand?

Mr. SAMUEL B. HILL. That is a question for the Member himself to decide. I have an idea that many of us have done that time and time again. I am not recommending it, nor am I advising against it.

Mr. Chairman, titles 2 and 3 are the two titles which are the pet aversions of the gentleman from Massachusetts. Title 2 provides benefits to a certain class of employed people after they have arrived at the age of 65. The benefits are measured by the total wages which they earn over their working period from and after December 31, 1936, until they reach 65. If they have a total amount of wages of sufficient amount, they will be able to support themselves on the benefits without having to resort to the charity of old-age pensions. Certainly that is a commendable thing. If one of these employees at the age of 65 has earned wages over a period of at least 5 years of not less than \$2,000, he will be entitled to a monthly payment from the Government of \$10. Of course, that is not enough to support him, but you have the old-age pension; and if he is needy, he will be able to get additional support from that source. If he has total wages of \$3,000, he will get a monthly payment of \$15, plus a certain percentage of increase as the amount of wage rises above \$3,000. It is graduated upward, measured by the total amount of wages received, to the point where it is possible for one of these employees to receive as much as \$85 a month, but not more than that.

Mr. ROBSION of Kentucky. Will the gentleman yield? Mr. SAMUEL B. HILL. I yield to the gentleman from Kentucky.

Mr. ROBSION of Kentucky. The old-age pension is fixed at the age of 65. I find in the mining sections the big trouble is they will not employ men in the mines who are 45 years of age or over.

What is there in this bill that will take care of them; and, assuming that a lot of them cannot get back to work, what is there in this bill, either of old-age pension or employment annuities or insurance, that will take care of the something like 13,000,000 workers between the ages of 45 and 65?

Mr. SAMUEL B. HILL. The unemployment-compensation title is the only one that might reach them.

Mr. ROBSION of Kentucky. But if they are now past the age to get work and cannot get work, what is there for that group?

Mr. SAMUEL B. HILL. It will not carry them indefinitely. It will certainly not do that.

Mr. ROBSION of Kentucky. Would it carry them at all unless they get work?

Mr. SAMUEL B. HILL. It would carry them for some weeks at something less than their average wage, but it does not take care of them completely. There is nothing in this bill, under the old-age assistance feature or under the old-age benefit provision, that would take care of a man in that situation.

Mr. ROBSION of Kentucky. Was there any suggestion or any plan submitted to the committee that would take care of this great army of people between 45 and 65 that are now out of employment because of their age?

Mr. SAMUEL B. HILL. I do not recall any witness who appeared before our committee advocating what we would term an "old-age pension" on an age limit as low as that.

Mr. ROBSION of Kentucky. In seeking further information, may I suggest that, as the gentleman knows, these men between 45 and 60, who cannot get employment, have families and are sending their children to school. They cannot get work. What is to become of this great army of people in this country?

Mr. SAMUEL B. HILL. I am not so sure that men 45 years and over, under normal conditions, cannot get work. I appreciate the fact that at this time many people who have not even reached the age of 45 are out of employment and the part of the program that meets that situation now is the Public Works Act.

The purpose of that act is to give present employment and try to stimulate private enterprise and private industry so that they will get on their feet and also give employment to these unemployed men.

Mr. ROBSION of Kentucky. But the mining concerns and others for some years past have been drawing the age limit at 45, and the United States Government draws the limit at 50 years. There is no work for them to get.

Mr. SAMUEL B. HILL. I will say to the gentleman from Kentucky that this bill, through the old-age benefits or old-age pensions, does not meet that situation.

Mr. ROBSION of Kentucky. I was concerned to know if there was any plan that would reach it.

Mr. SAMUEL B. HILL. Only the administration of the Public Works Act.

Mr. DUNN of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. DUNN of Pennsylvania. Does this bill provide any relief for the unemployed farmer?

Mr. SAMUEL B. HILL. This bill does not.

Mr. DUNN of Pennsylvania. The farmers are not considered at all?

Mr. SAMUEL B. HILL. This bill does not take up that feature at all. The Public Works Act is the one that furnishes employment. It is designed to furnish employment to anyone who is employable—farmers, industrial workers, or others.

Mr. DUNN of Pennsylvania. The work-relief bill?

Mr. SAMUEL B. HILL. Yes.

Mr. DUNN of Pennsylvania. As the gentleman across the aisle said a moment ago, suppose a person between the ages of 45 and 65 is unable to obtain a position; will he be considered? In other words, is it absolutely essential that he must pay into the Government in order to obtain unemployment insurance?

Mr. SAMUEL B. HILL. We are not putting any tax on the employee at all.

Mr. DUNN of Pennsylvania. I want to make the point absolutely clear. Is it essential, in other words, that the man or woman must be employed in order to obtain employment insurance?

Mr. SAMUEL B. HILL. He must be employed and lose his job in order to get this unemployment-insurance benefit.

Mr. DUNN of Pennsylvania. Suppose they are unable to obtain jobs, how will they be taken care of?

Mr. SAMUEL B. HILL. It does not operate, so far as he is concerned, until he does get a job and loses it.

Mr. DUNN of Pennsylvania. Maybe the gentleman can clear up another point I have in mind. As a member of the Committee on Labor, we held a number of hearings last year on the 6-hour day, 5-day-week bill, and practically every man who appeared before our committee in opposition to the bill was the head of some large industry, and I made it a point to ask them this question: Do you have an age limit? And practically every one said yes; that the age limit was around 40 or 45. Unless our Government sees to it that employment can be obtained for men and women between the ages of 45 and 65, I do not see how they are going to be benefited under this bill.

Mr. SAMUEL B. HILL. Of course, you have to assume they will not be able to get employment at that age. It is possible that a lot of people at that age or over may find themselves out of employment, but there is no age limit on a man going out and getting a job. When, however, he gets to the age where he may be presumed not physically able to work, he will come under the provisions of the bill. You must draw some arbitrary age line and take care of them within those limitations.

Mr. DUNN of Pennsylvania. But it is true, is it not, that many of the industries in the United States, as well as the municipal governments, the State governments, and the Federal Government, have an age limit?

Mr. SAMUEL B. HILL. I appreciate the fact that after a man gets to be 45 years of age he is handicapped in competing with younger men in getting jobs. We all know that.

Mr. WOOD. Mr. Chairman, will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. WOOD. In connection with the question of my colleague the gentleman from Pennsylvania [Mr. DUNN], it is my opinion that this is a social-security bill and that this bill is not designed to cure all the evils of society.

Mr. SAMUEL B. HILL. The gentleman is correct in that statement.

Mr. WOOD. Is it not a fact that if this bill is enacted it will take care of three or four million aged people, and it will also take care of other millions of unemployed in purchasing power, and thereby lower the labor market; that the labor market will become such under the operation of the law that there will be less demand for labor, and that many men today that cannot get a job between the ages of 40 and 50 will be employed?

Mr. SAMUEL B. HILL. The gentleman has stated the matter clearly, and I thank him for the contribution.

Now, there is another feature that I want to touch upon. I am not going to explain all the titles, but the gentleman from Massachusetts was asked where the provision in the bill is that would authorize the investment by the Secretary of the Treasury of funds that would take up a considerable portion of the outstanding Government bonds.

The gentleman from Massachusetts referred to a section in title IX, under the unemployment tax feature. The real answer to the question is found on page 8 of the bill, subdivision (d), section 201, reading as follows:

It shall be the duty of the Secretary of the Treasury to invest such portion of the amount credited to the account as is not, in his judgment, required to meet current payments. Such investment shall be made in any interest-bearing obligations of the United States or in any obligations guaranteed as to both principal and interest by the United States. The Secretary of the Treasury may at any time sell any such obligations. The interest on and the proceeds from the sale of any such obligations shall be credited to the account.

The account that is referred to is the "old-age reserve account" under title II appearing on page 7 of the bill, section 201 (a). That is the reserve account to which allocations and appropriations are made to meet the obligations under title II dealing with old-age benefits.

It was brought to your attention by the gentleman from Massachusetts that in 1970 the amount of reserve in that account would be \$32,000,000,000 plus—that it would gradually go up to that amount.

Then you have in addition to this fund, which by the provisions of the bill it is made the duty of the Secretary to invest in Government bonds and guaranteed bonds by the Government, the other provisions in title IX, to which the gentleman from Massachusetts referred, being the moneys that are to be used, trust-fund money of the States placed in the custody of the Secretary of the Treasury, to be paid out on the requisition of the States to take care of unemployment insurance. In the course of time that fund also would be absorbed into this investment in outstanding Government bonds about which you hear so much complaint as being tax exempt.

These bonds will be called in. They will be placed in these reserves as the Government's investment of the funds, and you will then have this great volume of outstanding tax-exempt bonds in the hands of the Government so that the people who now have their money invested in those tax-exempts would not be so fortunate in the matter of investments that would relieve them from payment of income taxes.

Mr. PERKINS. Mr. Chairman, will the gentleman yield?

Mr. SAMUEL B. HILL. Yes.

Mr. PERKINS. With these humanitarian impulses under this bill I am in full accord, but I want to know whether it is true that it is expected ultimately to set up a reserve of \$32,000,000,000.

Mr. SAMUEL B. HILL. The reserve is set up with the effective date of this bill, and into that reserve fund will be paid such amount of moneys that are actuarially determined by the Treasury Department and for which estimates are made to Congress by the Bureau of the Budget, as shall be necessary to meet the obligations on the funds under the provisions of the bill.

The CHAIRMAN. The time of the gentleman from Washington has expired.

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 15 minutes more.

Mr. PERKINS. Will the fund ultimately become approximately \$32,000,000,000?

Mr. SAMUEL B. HILL. That is the estimate of the actuaries.

Mr. PERKINS. And that fund will be invested in Government bonds?

Mr. SAMUEL B. HILL. It will be, provided there are enough bonds to take it up. If there are not, there is provision that the Secretary of the Treasury issue special obligations that are nontransferable, nonassignable, so as to carry the investment. The obligation is on the Treasury to keep the fund invested, and if it does not keep it invested, except so much as is necessary for current expenses, it would be chargeable with the interest on it just the same.

Mr. PERKINS. The Government debt would have to be \$32,000,000,000 to keep the fund going.

Mr. SAMUEL B. HILL. Probably.

Mr. PERKINS. And it would have the beneficial effect of wiping out persons now exempt from taxes by reason of tax-exempt securities.

Mr. SAMUEL B. HILL. Yes.

Mr. SIROVICH. And it would force that money into trade and help industry and commerce in that respect.

Mr. SAMUEL B. HILL. Yes; where income taxes could be collected.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. SAMUEL B. HILL. Yes.

Mr. MAY. And instead of remaining frozen, it would be liquid. I want to know what difference there is in the principle involved in the mechanics of this bill in setting up these reserves, and the practice now indulged in by substantial insurance companies in connection with the issuance of old-age annuities.

Mr. SAMUEL B. HILL. I take it there is a close parallel. The reserve is built up on the actuarial estimates such as those upon which insurance funds are built, only this probably is much larger than any individual insurance fund.

Mr. Chairman, title II of the bill is the biggest thing in the bill. It is the most important thing in it, and when you are striking at title II, you are striking at the keystone of the arch, which supports the social-security program of the administration. It is the biggest thing in the bill, and probably that is why my friend from Massachusetts [Mr. TREADWAY] is leveling his fire upon that one particular section.

Mr. JENKINS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. SAMUEL B. HILL. Yes.

Mr. JENKINS of Ohio. The gentleman may have discussed this proposition, but the gentleman does not maintain, does he, that title II is necessary, that we must have title II in order to have old-age pensions?

Mr. SAMUEL B. HILL. Certainly not. And it is not necessary to have unemployment compensation, but it is necessary to have both of them if you are to have a rounded-out program of social security.

Mr. JENKINS of Ohio. Many people think, and I am one of them, that old-age pensions is the primary subject in this bill. I think the country is more interested in old-age pensions than in all the rest of the bill. The gentleman takes the position that title II is the heart of the bill, but I maintain that it is not.

Mr. SAMUEL B. HILL. And probably the country is not so familiar with this subject as with the old-age pension proposition, and probably that is why the people are not giving greater attention to old-age benefits.

Mr. DOUGHTON. And is it not a fact, if title II is stricken from the bill, and title I is left in the bill, that this burden will grow so rapidly and so enormously that it will be an unbearable burden on the taxpayers of the country generally in a few years.

Mr. SAMUEL B. HILL. That is true.

Mr. DOUGHTON. And if we do not prepare for setting aside these reserves for old-age pensions, if we depend upon the Federal Treasury for old-age pensions, and the extent to which it will grow, how does the gentleman think a tax would be raised to finance it?

Mr. JENKINS of Ohio. The chairman indicates that he directs that question to me. If in these days of depression we assume to pay an old-age pension throughout this country, and make it practically compulsory, and can do so, then I say it is not necessary for us to run forward and borrow a whole lot of trouble 50 years from now.

Mr. DOUGHTON. Oh, these old-age annuities will come before any 20 years or 50 years or even 10 years.

Mr. SAMUEL B. HILL. This old-age benefit title, title II, is designed specifically to make men as nearly self-supporting in their old days as is possible, by giving them this opportunity for thrift, to lay up something that will bring them in an annuity in their old days.

On the question of what it would cost under the provisions of this bill for the old-age pension alone, as I recall the figures, at the present rate fixed in the bill it would, in the course of a generation or so, be costing the Government \$1,800,000,000 or \$1,900,000,000 a year for the old-age pensions alone, whereas if we have this provision that is self-supporting, we reduce that to \$500,000,000.

Mr. MAY. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. MAY. I was wondering if title II was not designed by the committee for the principal purpose of gradually eliminating some of the direct old-age pensions, as the annuity fund increases.

Mr. SAMUEL B. HILL. That is true.

Mr. MAY. And that in the end it will help to reduce, rather than enlarge the responsibility of the Government for old-age pensions.

Mr. SAMUEL B. HILL. That is true. Of course, it will take a long term of years, but this is a long forward-view proposition.

Mr. MAY. I imagine the gentleman and his committee have figured out some period of years, long in advance when it would reach the apex, and level up that situation.

Mr. SAMUEL B. HILL. Yes. Of course, it does not take care of all the aged. They are not all included. Probably not over half of them are included, but it will take care of that great class, the workers, along about 1965 or 1970. It will put them on practically a self-supporting basis.

Mr. MAPES. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. MAPES. I should like to ask the gentleman a question about the unemployment-insurance provision. This may be an old question to the gentleman and the members of the Ways and Means Committee, but this thought has occurred to me. Employers are given a credit of 90 percent on the Federal tax if they pay a similar tax to the States. As I understand it, there is no unemployment insurance paid to anyone, unless the States pass legislation providing for it in their respective States.

Mr. SAMUEL B. HILL. That is true.

Mr. MAPES. Is it the gentleman's idea that the States will attempt to meet the cost of the unemployment insurance by a State tax, or that all of the money to take care of the unemployment insurance in the different States will be collected by the Federal Government, and that the Federal Government will then turn over sufficient funds to the individual States to meet the cost of administering their State laws?

Mr. SAMUEL B. HILL. The Federal Government turns over no money at all to the States under the unemployment compensation title. This bill would levy a 3-percent tax upon the employer, based upon his pay roll. That is a 3-percent tax on all employers throughout the United States.

Mr. MAPES. How is that collected?

Mr. SAMUEL B. HILL. Through the office of the Commissioner of Internal Revenue, in the ordinary way of tax collection.

Mr. MAPES. Then why does the gentleman say the Federal Government will not turn any money over to the States?

Mr. SAMUEL B. HILL. That is exactly the situation. They paid that money into the Treasury, and all the money that comes to the Federal collector from that tax goes into the Federal Treasury. I think I can explain what the gentleman has in mind. An employer who pays this tax or is charged with it, in order to get credit against the tax must have contributed to the State-unemployment fund, which is levied, of course, by the State, and he will be entitled to a credit up to 90 percent of his 3-percent Federal tax, if he has paid that much into the State.

Mr. MAPES. The particular point I had in mind was this, that inasmuch as the employers would be credited for only 90 percent of the Federal tax no matter how much they paid to the State, there would not be any State legislation as far as the tax is concerned, because the employers in all of the States would object to the State legislation inasmuch as they would have to pay 10 percent, at least, of the Federal tax.

Mr. SAMUEL B. HILL. The employer, of course, pays that tax, and the 10 percent which the Federal Government takes in any event, and that is the least it will get, goes into the Federal Treasury, but it is provided that the Federal Government shall contribute to the cost of State administration of its unemployment compensation act. I did not speak quite correctly when I said the Federal Gov-

ernment would not pay the States any money. It does provide that out of that 10 percent in the Federal Treasury there shall be paid to the States the amounts estimated to be necessary to pay the administration cost of the unemployment compensation act.

Mr. MAPES. Is it the gentleman's thought that the States will levy a tax on their own account, or will they look entirely to the funds collected by the Federal Government for the amount necessary to meet their unemployment insurance?

Mr. SAMUEL B. HILL. There is no such provision in this bill. The Federal Government does not pay any unemployment compensation at all.

Mr. MAPES. I understand that, but it seems to me that all the States, as soon as they can get to it, will pass legislation which will provide for unemployment insurance.

Mr. SAMUEL B. HILL. I think that is true. That is the hope.

Mr. MAPES. The question in my mind is this: Does the gentleman and the other members of the Ways and Means Committee think that in that case provision will be made for raising sufficient funds to pay the insurance, or will the States all look to the Federal Government to raise the money? It seems to me that the tendency of the employers in every State will be to resist legislation which will require the money to be raised under the State laws, because of this differential of 10 percent in the amount they have to pay.

Mr. SAMUEL B. HILL. I hardly think that result will follow. As I say, this 10 percent is kept for administration purposes, largely. In any event, there is not any doubt as to the Federal Government having authority to levy this excise tax upon the employers.

It is in this bill now. If it becomes a law, they will have to pay that tax if they are going to get any benefit from stabilizing their employment and stabilizing their own industries. It is to their interest to have State compensation laws whereby they can get a credit up to 90 percent of this Federal tax. Unquestionably the inducement will be for them to urge rather than to resist State legislation establishing unemployment compensation acts.

Mr. MAPES. It seems to me, up to the point where the tax is provided, that that will be the urge; but if that State can get this unemployment insurance without levying any tax on its own employers, it seems to me it will take this course.

Mr. SAMUEL B. HILL. They cannot get it. That is just the rub; they cannot get it.

Mr. MAPES. Is it not left entirely to the discretion of this board which is created as to whether or not it will accept the legislation of the State in that respect?

Mr. SAMUEL B. HILL. There are certain requirements set out here that must be provided in State legislation. When these requirements have been incorporated in any State plan, the board will approve the plan.

Mr. MAPES. I wondered if the witnesses before the gentleman's committee and the members of the committee had reached any judgment as to what the tendency in that respect would be.

Mr. SAMUEL B. HILL. Let me explain the situation to the gentleman from Michigan in this way: In the first place, why is it necessary to levy a 3-percent Federal tax? Why not just leave this whole thing to the States individually and let the Federal Government stay out of it? This is the reason why the Federal Government is levying this tax: If the State of Michigan, for instance, wanted to enact a State unemployment compensation act, very likely part of the burden would be thrown upon the industry of that State and part of the rest of it would be thrown upon the employees; but the burden would fall upon the industry of the State very largely.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. SAMUEL B. HILL. It is to keep down unfair competition between the industries of different States.

Mr. MAPES. I understand that feature, but there is this differential of 10 percent which the employer will have to pay extra over the State law if the State law provides a tax. If the State law is passed without any provision for a tax, then the State can get all the money from the Federal Government that is necessary.

Mr. SAMUEL B. HILL. The State probably will get most of it, because it will take practically all this 10 percent to pay the cost of administration throughout the various States.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. CRAWFORD. Let us assume that I have a \$100,000 pay roll, and I send in to the State my certified check for \$3,000 covering 3 percent; must I then send an additional \$300 check to the Federal Treasury, in that in making out my return I show a liability for \$3,000, my \$2,700 credit, which is 90 percent, and then there remains \$300 for the Federal Treasury.

Mr. SAMUEL B. HILL. That is right.

Mr. CRAWFORD. Thus costing me in all \$3,300 instead of \$3,000?

Mr. SAMUEL B. HILL. Not necessarily that. They might put the State tax down to 2.7 instead of 3.

Mr. CRAWFORD. Then I would receive credit for only 90 percent of the \$2,700?

Mr. SAMUEL B. HILL. No; the gentleman would get credit up to 90 percent of the Federal tax. If you paid more than 3 percent you could not get credit for more than 90 percent of the Federal tax, but if you paid just exactly 90 percent of the Federal tax to your State, you would get credit for the State tax.

Mr. CRAWFORD. I might pay 90 percent of the tax assessed by the State rather than the tax which I had paid to the State.

Mr. SAMUEL B. HILL. I do not know whether I quite follow the gentleman or not. Let me put it in a different way. The Federal tax is 3 percent. Whatever you pay to the State you will get credit for up to 90 percent of that 3 percent.

Mr. CRAWFORD. There is no way they can charge me in total for both State and Federal taxes in excess of 3 percent of my pay roll?

Mr. SAMUEL B. HILL. Yes; the State could put a 4-percent tax on you if it wanted to, but you would get credit for only 2.7 of the 3-percent Federal tax. This is a matter of State administration. In fact, all these titles except title II are administered by the States.

Mr. SIROVICH. And, if the gentleman will yield, it puts all States on a parity.

Mr. SAMUEL B. HILL. Yes; that is the point. This 3 percent keeps down discrimination and competition.

Mr. SIROVICH. Exactly.

Mr. SAMUEL B. HILL. As between States having and not having unemployment compensation acts.

Mr. MCGROARTY. Mr. Chairman, will the gentleman yield that I may ask one question to relieve my own mind and conscience?

Mr. SAMUEL B. HILL. I yield.

Mr. MCGROARTY. The gentleman stated that this bill was very difficult to understand. I find it so, and I want his advice to me as a colleague. The bill has just come into my hands and into the hands of the Members of the House. I understand I have 20 hours in which to study it before I must cast my vote on it. With my little brain, that time is not sufficient.

Mr. SAMUEL B. HILL. I am sure the gentleman is entirely too modest.

Mr. MCGROARTY. Would the gentleman advise me to vote for the bill—I belong on this side of the House—without understanding it?

Mr. SAMUEL B. HILL. I am not the gentleman's mentor, and I must decline to advise him. I recommend the bill to him, however. [Applause.]

[Here the gavel fell.]

Mr. WOODRUFF. Mr. Chairman, I yield 20 minutes to the gentleman from Minnesota [Mr. KNUTSON].

Mr. KNUTSON. Mr. Chairman, I am heart and soul with the aims of this legislation. To me there is nothing more tragic than dependent old age, and dependent crippled and neglected children. I am extremely sorry that I cannot go along with the majority in this instance, because they have worked long and diligently on the measure that is now before the House. It is a definite improvement over the original bill which was presented to the Ways and Means Committee nearly 3 months ago. I had much hesitancy in submitting a minority report because, due to illness, I was not able to regularly attend committee meetings while the measure was under consideration, but nevertheless I followed the committee's work closely.

I shall endeavor to set out as briefly as possible my objections to this economic security bill in its present form.

The measure is divided into nine substantive titles, as follows:

Title I, providing a Federal grant in aid to meet one-half the cost of State old-age pensions for persons of 65 years of age or over who are in need.

Titles II and VIII, relating to old-age annuities for certain classes of workers, and imposing a pay-roll tax on employers and employees to meet the cost thereof.

Titles III and IX, relating to unemployment compensation, and imposing a tax on pay rolls in connection therewith.

Titles IV, V, and VI, making appropriations for aid to the States in the care of dependent children, for maternal and child-welfare work and for public health generally.

I am opposed to titles II, III, VIII, and IX.

The social security bill is a great step forward in sociology, because it is a distinct recognition by our country of the necessity for nationally securing old age against want, and it indicates an acknowledgment that society owes an obligation in the care of crippled and dependent children.

CONFUSION OF SUBJECTS IN THE BILL

The measure under consideration should be broken down into several separate bills to avoid multiplicity of subjects in this one bill. In its present form, the bill is cumbersome and highly complex.

OLD-AGE PENSIONS

Insofar as the bill provides reasonable assistance to the States in meeting the cost of old-age pensions for those in need, its purpose is worthy and has my support. Nor can there be any objection to aiding the States in caring for dependent children, in providing for maternal and child health, and for public health generally. The cost of these projects would not be excessive, and can be met out of the general revenues of the Treasury.

To call upon the States to provide suitable pensions for the aged in this present economic depression is merely an attempt to shift the responsibility which must be borne by our National Government. Some States are now already bankrupt and in default on pensions now past due under their present wholly inadequate pension laws. Any attempt to rely upon the States in any old-age-pension plan will defeat the very object we seek to attain.

The administering of the proposed economic-security bill will result in discrimination because people who live in States with financial conditions satisfactory will receive benefits far beyond and out of proportion to the benefits given to citizens of a State which is bankrupt and unable to participate under the provisions of the administration proposal.

For instance, in the State of North Dakota, a pension which became due a certain pensioner for the entire year of 1934, amounting to \$150, was not paid because it could not be paid and finally, on January 3, 1935, pensioner was obliged to accept a mere pittance of \$3.96 in full payment of that \$150 obligation. In this kind of a situation, how could the State of North Dakota take advantage of the old-age-pension plan contemplated in this measure?

May I ask the gentleman from North Dakota, if he votes for this legislation, how is he going to make his people believe that he has voted to give them relief?

Mr. BURDICK. Will the gentleman yield?

Mr. KNUTSON. I yield to the gentleman from North Dakota.

Mr. BURDICK. Has the gentleman any figures in reference to the income from old-age pensions last year in the State of Minnesota?

Mr. KNUTSON. I have it here, yes. In Minnesota the old-age-pension law is optional.

Mr. KELLER. What does the gentleman mean by "optional"?

Mr. KNUTSON. It is up to the counties whether they will grant an old-age pension.

Mr. BURDICK. Then there is none in the State law?

Mr. KNUTSON. No. We have no State pension.

Mr. BURDICK. As little as our pension is, is it not better than that existing in the gentleman's State? [Applause.]

Mr. KNUTSON. If anyone can find it in his heart to applaud the payment of \$3.96 for a year's pension, I suggest that they move over to China where the people live on dried fish and rice.

Mr. SIROVICH. Still it is better than the gentleman's State, which is nothing.

Mr. KNUTSON. How does the gentleman know?

Mr. SIROVICH. Because it was stated that the gentleman's State gives optional pensions and the counties give nothing.

Mr. KNUTSON. I am sorry that the gentleman's power of understanding is so limited.

Mr. SIROVICH. It is very good. Will the gentleman state it himself?

Mr. JENKINS of Ohio. Will the gentleman yield?

Mr. KNUTSON. I yield to the gentleman from Ohio.

Mr. JENKINS of Ohio. According to the table here, it shows that Minnesota last year paid pensions to 2,655 persons and that there are 94,000 eligible; also that the average rate of pension was \$13.20 per month and that the yearly total paid was \$420,936.

Mr. KNUTSON. That is correct. The gentleman from New York will find that table on page 5 of the committee report.

Mr. ROBSION of Kentucky. Will the gentleman yield?

Mr. KNUTSON. I yield to the gentleman from Kentucky.

Mr. ROBSION of Kentucky. I understand the point that the gentleman from Minnesota makes is that probably North Dakota will not be able to meet the conditions of this bill and will not get any of this relief.

Mr. KNUTSON. Why, North Dakota is not the only State that cannot avail itself of the provisions of this bill. Montana cannot, and neither can the State of Oregon, and I doubt very much if the State of Mississippi can.

Mr. McGROARTY. And California.

Mr. KNUTSON. And probably California cannot. I presume if the matter were gone into fully it will be found that more than half of the States will be unable to take advantage of the legislation.

Mr. Chairman, that is the reason I am protesting against it, because it is an illusion bigger than anything we have had since the great Mississippi bubble.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. KNUTSON. I yield to the gentleman from Kentucky.

Mr. VINSON of Kentucky. Referring to California and the same table to which the gentleman made reference a moment ago, it shows that at the present time there are 19,309 persons in California receiving an average pension of \$21.16 per month, or a total of \$3,502,000.

Mr. McGROARTY. When was that?

Mr. VINSON of Kentucky. That is for the year 1934.

Mr. SIROVICH. Is there anything for North Dakota in there in that same connection?

Mr. VINSON of Kentucky. The table shows that in North Dakota no pension is being paid.

Mr. DISNEY. Will the gentleman yield?

Mr. KNUTSON. I yield to the gentleman from Oklahoma.

Mr. DISNEY. Is it the gentleman's theory that we should absolve the States from any participation at all in connection with old-age pensions and put the entire burden on the Federal Government?

Mr. KNUTSON. It is.

Mr. DISNEY. If so, how far can the gentleman visualize that theory going?

Mr. KNUTSON. I may say to the gentleman why I feel that the Federal Government should shoulder the entire burden. Under the plan proposed by the administration you have discrimination in favor of people who live in States that are satisfactorily set up financially, and who will receive benefits far above the benefits received by people living in bankrupt States. Therefore I call it discrimination. Now, how can you discriminate between American citizens? In other words, you should not penalize some because they live in North Dakota or Montana.

Mr. VINSON of Kentucky. Or Minnesota.

Mr. KNUTSON. Or Minnesota or Kentucky. That is what you are proposing to do in this legislation. It is discrimination, and that is why I am protesting against this bill in its present form.

Mr. DISNEY. Is the gentleman going to solve all the ills of mankind by the process of the Federal Government, thereby relieving the local governments? From the standpoint of discrimination, nothing is equal.

Mr. KNUTSON. We might just as well pay the money out in pensions as to spend it for windbreaks.

Mr. DISNEY. That is not an answer to the question.

Mr. KNUTSON. We might better pay the money out in pensions than to create relief maps showing the movement of peoples in the second millennium in the Mediterranean and the Euphrates areas. I understand that they prepared one up in New York that cost the price of 18,000 tons of hay and yet our cattle in Minnesota are being shot because there is no feed for them. [Applause.]

Mr. WADSWORTH. Has the gentleman given any consideration to rhythmic dancing?

Mr. KNUTSON. Let me say that about all they will get out of this legislation will be rhythmic dancing.

Mr. McGROARTY. Who will pay the piper?

Mr. KNUTSON. The music will be furnished with skulls and cross bones.

Mr. PERKINS. Will the gentleman yield?

Mr. KNUTSON. I yield to the gentleman from New Jersey.

Mr. PERKINS. As I understand this bill, all employers are taxed, whether the employees are in his State or not, and there is also the system of unemployment relief.

Mr. KNUTSON. Certainly, that is true.

Mr. PERKINS. So that if a State does not set up a system of unemployment relief, the employers pay and contribute to other States?

Mr. KNUTSON. Yes.

Mr. PERKINS. And the purpose of the bill is to induce each State to set up a system of unemployment relief?

Mr. KNUTSON. Not to induce—to coerce. There is a distinction between the two words.

Mr. PERKINS. May I ask the gentleman another question?

Mr. KNUTSON. Yes.

Mr. PERKINS. How is this so-called "9 percent on the pay roll" figured? I have not quite understood that.

Mr. KNUTSON. The gentleman should not ask a member of the committee too many embarrassing questions because there is not a man on the committee that really understands this bill. It was drawn by members of the "brain trust", many of whom, probably, had never earned a dollar in their lives and they are not earning anything now—theorists, college professors, young whippersnappers, some of them not dry behind the ears. [Laughter.] Although I will say that the Ways and Means Committee has greatly improved the measure that the "brain trust" sent up to us.

Mr. PERKINS. On page 5 of the committee report it appears that the number of pensioners in the United States is 180,003 and the number of eligibles in 1930 was 2,330,390.

Mr. KNUTSON. That is the number of those over the age of 65. The gentleman has brought up another matter. Is there anyone in this House—do you, Brother McGROARTY, believe it is going to help the unemployment situation to limit the benefit of this legislation to those who have passed the age of 65?

Mr. McGROARTY. No; and especially it will not in 1970. They will not be here.

Mr. KNUTSON. No; we will not be here and there will not be many of us left. [Laughter.]

Mr. McGROARTY. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. Yes.

Mr. McGROARTY. The gentleman who preceded the gentleman now speaking, a member of the Ways and Means Committee, said this bill is very difficult to understand.

Mr. KNUTSON. Oh, we all admit that.

Mr. McGROARTY. The gentleman is a member of the committee, is he not?

Mr. KNUTSON. Yes; and I do not understand it.

Mr. McGROARTY. Then how, in the name of God, do they expect me to understand it on 20 hours' notice? That is what I want to know.

Mr. KNUTSON. Well, you are supposed to take it on faith.

Mr. McGROARTY. Can it not be put over until the next Congress and give us some time to study it?

Mr. KNUTSON. What you should do is to go down and talk to the authors of the bill, and you might get some information.

Mr. McGROARTY. Please give me their names.

Mr. KNUTSON. Well, they are given here in the report. They are a lot of college professors.

Mr. McGROARTY. I refuse to talk to college professors. Give me the names of some practical people. [Laughter.]

Mr. KNUTSON. Well, go down and talk to William Green, president of the American Federation of Labor. He is a good, level-headed man.

Mr. McGROARTY. Yes.

Mr. KNUTSON. But he is about the only one I see here in whose judgment I have full confidence.

Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. Yes.

Mr. FITZPATRICK. What is the gentleman's plan to take care of the unemployment in this country?

Mr. KNUTSON. What is my plan?

Mr. FITZPATRICK. Yes.

Mr. KNUTSON. Reassure industry.

Mr. FITZPATRICK. How?

Mr. KNUTSON. By removing all the uncertainty that you folks have created. Let us assure industry and we will end unemployment in a short time.

Mr. FITZPATRICK. You had the opportunity from 1929 to 1933 and you did not remove it under the previous administration, but increased it.

Mr. KNUTSON. As I have told you on previous occasions, this depression is due to the war—the war that you folks promised to keep us out of. [Laughter and applause.]

Mr. FITZPATRICK. Why did you not cure the situation in 4 years?

Mr. KNUTSON. Because during the last 2 years of Mr. Hoover's administration we had a Democratic House and you folks were determined that there should be no recovery until after the election of 1932.

Mr. LUNDEEN. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. LUNDEEN. If the gentleman will permit, I understand the statement was made by the gentleman from Washington, in reference to a national bill, that the cost of such a bill would exceed \$10,000,000,000. The report on the bill (H. R. 2827), to which I have called the attention of the Members, shows that the economists and other authorities

state that the minimum cost would be \$4,060,000,000 and not to exceed \$5,800,000,000, as given by the economist Dr. Gilman, of the City College of New York, and I thank the gentleman for an opportunity to correct that statement.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. VINSON of Kentucky. Referring to the members of the Advisory Council, if my memory serves me correctly, the gentleman from Minnesota represented that Mr. Nordlin, who appeared before the committee and testified on behalf of title I and particularly in favor of granting aid to States for old-age pensions, was A no. 1 in every particular, and I believe he happens to come from Minnesota.

Mr. KNUTSON. Yes; and after Senator Nordlin testified he called at my office and I asked him how many times he had been called in, and, as I recall, he said twice in 6 weeks.

Mr. VINSON of Kentucky. But we can follow Mr. Nordlin's testimony, can we not?

Mr. KNUTSON. We can; yes. You can follow Mr. Nordlin's testimony. He is a fine gentleman.

Mr. VINSON of Kentucky. And Mr. Nordlin is for the bill and particularly stressed title I, granting aid to States for old-age pensions.

Mr. KNUTSON. As the gentleman will recall, Mr. Nordlin applauded the purposes of the bill—

Mr. VINSON of Kentucky. The statement of Mr. Nordlin—

Mr. KNUTSON. I am sorry, but I cannot yield further.

Mr. VINSON of Kentucky. When I get hold of the printed page I notice the gentleman finds it convenient not to yield, but I shall insert in my remarks the statement he made that the Fraternal Order of Eagles that he was representing is very strongly back of the proposition of grants and aids to the States in order that these pension systems may be continued. That is just one thing he said that was very splendid.

Mr. DUNN of Pennsylvania. Will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. DUNN of Pennsylvania. Has the gentleman from Minnesota read the bill H. R. 2827, introduced by the gentleman from Minnesota [Mr. LUNDEEN].

Mr. KNUTSON. I do not want to be diverted by discussing other legislation.

Mr. DUNN of Pennsylvania. I think that would take care of the situation if enacted into law.

Mr. KNUTSON. Well, it would not be the first good thing that has come out of Minnesota. My idea of this legislation would be something that would aid recovery, something that would lift the burden of industry and remove all uncertainty.

Mr. FITZPATRICK. Will the gentleman tell us what will do it?

Mr. KNUTSON. You are not going to do it by putting a 9-percent tax on pay rolls, and that is what you are doing here. You are going to further increase unemployment by this legislation. You must take some other method than you are pursuing here. My heavens, you have tried everything but mustard plasters. [Laughter.]

Mr. FITZPATRICK. Will the gentleman give us his plan?

Mr. KNUTSON. You cannot justify a humiliating failure by asking me what I would do in a situation not presented to me for solution. That task is yours.

Under the unemployment-insurance title employers pay a tax on the pay roll for the calendar year of 1 percent, 2 percent for 1937, and 3 percent for the calendar year 1938, and each year thereafter.

According to the committee's own report, this means an additional burden on industry of \$228,000,000 the first year, and that is going to gradually increase until you put an additional annual burden on industry of \$900,000,000, or 90 cents for every minute since the Christian era.

(The time of Mr. KNUTSON having expired, he was given 10 minutes more.)

Mr. KNUTSON. Now, under the contributory provision, the employers pay another pay-roll tax of 1 percent for 1937, reaching 3 percent in 1949. That tax puts an entire burden

of \$280,000,000 on industry the first year, and gradually creeps up to \$900,000,000. There you have \$1,800,000,000 tax burden in the two taxes, which is another thing this bill does. Such a burden would not alone retard business recovery but would increase unemployment.

Mr. FITZPATRICK. Will the gentleman yield for another question?

Mr. KNUTSON. No; I decline to yield to the gentleman. He does not ask questions to get information, but merely to embarrass the speaker. If the gentleman were truly seeking light I would be glad to have him ask his question, but he is not. He will follow the orders he gets from down at the other end of the Avenue regardless of where such orders may lead him.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. Yes.

Mr. ROBSION of Kentucky. It has been said here that these funds will be built up to amount to \$32,000,000,000. Can any of that principal be used as the years go by to meet these annuities, or is it limited only to the income from that fund?

Mr. KNUTSON. By the time that fund is created, if the Republicans are not then in power, the money will probably be used in operating the Government.

Mr. ROBSION of Kentucky. There is one other question. Is one entitled to participate in any of these annuities of unemployment insurance unless he has had 5 years of employment?

Mr. KNUTSON. I think that is required.

Mr. VINSON of Kentucky. Oh, not for unemployment insurance.

Mr. ROBSION of Kentucky. I am speaking of annuities.

Mr. VINSON of Kentucky. The payment of annuities does not begin until 1942. That is correct.

Mr. ROBSION of Kentucky. It has been stated that there are something like 13,000,000 workers in this country between the ages of 45 and 65, and we know, especially in the mining industry and in railroad work, that when you seek initial employment in the coal mines or on the railroads, you must sign a card that you are under 45 years of age. What is there in this bill to take care of those 13,000,000?

Mr. KNUTSON. There is nothing in this bill to take care of them. That is another shortcoming of this legislation. When a person is unemployable he is unemployable, whether he be 45 or 65, and they should be treated alike.

Mr. ROBSION of Kentucky. When will anyone get any of this old-age pension, provided the States will cooperate? When will the first payment be made?

Mr. KNUTSON. I think in some of the States it will go to the heirs. Here is another thing you are doing here. You are proposing to set up a new bureau. Of course, I realize that that is your long suit—setting up new bureaus. You were strong against them before election, but stronger than horse radish for them since. You are going to have a new bureau to administer this fund. Now, let us see, what is the name of that bureau?

Mr. WADSWORTH. The Security Commission.

Mr. KNUTSON. Oh, no, that is another bureau. The gentleman has the two confused and I do not blame him, because there are so many of them. What is the name of this bureau?

Mr. TABER. The Social Security Bureau.

Mr. KNUTSON. To be sure. I think I know what qualifications will be necessary for a job with that Bureau, but I shall not touch on that now. We now have the Veterans' Administration that is admirably and fully equipped to handle this old-age-pension fund. The Veterans' Bureau is handling all other pension matters, including the Federal retirement fund, but I suppose the opportunity for creating another bureau was just too great a temptation to resist. There is one thing I admire about you folks, and that is your ability to think up new jobs.

As I see it, the prime need of the hour is business recovery. This unemployment insurance and this annuity plan at best are but experiments. There is no immediate hurry

for any of this legislation, save old-age pensions, because if we do pass the bill, it cannot possibly go into effect until 1937 or probably several years thereafter.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. Just let me finish my thought, please. Why do we not break down this bill into four measures, and let each one stand on its own bottom. There is no connection between old-age pensions and unemployment annuities. Let us pass an old-age-pension bill that will give adequate relief to the aged.

Mr. MARTIN of Colorado. And what is that? That is what I am looking for.

Mr. KNUTSON. I would say \$50 or better a month.

Mr. MARTIN of Colorado. To how many people?

Mr. KNUTSON. I am speaking of individuals.

Mr. MARTIN of Colorado. The gentleman is willing to give them \$50 a month?

Mr. KNUTSON. That would be the minimum. I would give them enough. Up in our country a person cannot live in comfort for less than \$100 a month where they have to pay rent and buy fuel.

Mr. MARTIN of Colorado. That sounds all right, but how many people are you going to take in on that?

Mr. KNUTSON. How many would the gentleman be in favor of taking in?

Mr. MARTIN of Colorado. Let me tell the gentleman.

Mr. KNUTSON. My time is running. Please let me get on.

Mr. MARTIN of Colorado. I will tell the gentleman when I get the floor.

Mr. KNUTSON. I will be glad to hear the gentleman.

Mr. DONDERO. Will the gentleman yield for a short question?

Mr. KNUTSON. I yield.

Mr. DONDERO. I am seriously concerned, representing a district in which considerable industry exists, whether or not the gentleman's committee gave any consideration to the possibility of how industry will raise this money to pay this 9-percent pay-roll tax. Can the gentleman answer that?

Mr. KNUTSON. We are just going to open the goose and see how many golden eggs she contains. That is what this bill will do. It will close all factories. It will do just exactly what the N. R. A. did, only much worse. Does that answer the gentleman's question? [Laughter.]

Mr. TREADWAY. Will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. TREADWAY. How long will that goose last, with the golden eggs?

Mr. KNUTSON. Well, I do not think it will last beyond one meal.

Mr. COOPER of Tennessee. Will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. COOPER of Tennessee. The gentleman is a distinguished member of the Ways and Means Committee, and, of course, was present at the hearings. I would like to have the gentleman tell the House how many industrial leaders of this Nation appeared before the committee in opposition to this bill?

Mr. KNUTSON. Well, you know the industrial leaders do not dare to come to Washington and talk against any legislation—

Mr. COOPER of Tennessee. Very well. Can the gentleman answer the question or not?

Mr. KNUTSON. I am telling the gentleman why they do not come.

Mr. COOPER of Tennessee. How many people, speaking for industry, appeared in opposition to the bill?

Mr. KNUTSON. Oh, the gentleman knows why they did not appear.

Mr. COOPER of Tennessee. They appear here on everything else.

Mr. KNUTSON. The gentleman knows why they did not appear.

Mr. COOPER of Tennessee. How many of them were here?

Mr. KNUTSON. None.

Mr. COOPER of Tennessee. Very well.

Mr. KNUTSON. Because if they had appeared the R. F. C. would have called their loans.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield the gentleman from Minnesota 5 additional minutes.

Mr. KNUTSON. The gentleman from Tennessee [Mr. COOPER] knows why they did not appear. They did not dare to appear. That is plain. Certainly Mr. Emery appeared, and, in a very temperate statement, stated as forcibly as he dared, his opposition to this bill. You know that he represented American manufacturers, many of whom are probably beholden to the Reconstruction Finance Corporation or some other governmental agency, or some bank on which the R. F. C. has a stranglehold. If you will read Mr. Emery's statement, you will find that he seriously doubted the wisdom of this legislation and called particular attention to the fact that industry could not carry the additional burdens we were proposing to impose upon them.

Delay in the present situation is dangerous. Under the proposal in the administration bill pensions cannot become effective for 2 or more years in those States wherein the legislature has already adjourned without having made any proper or adequate provision to enable such States to participate.

The Federal Government has no power to compel any State to adopt laws in accordance with this proposal by the administration, or to enact any pension law, and in any State which does not adopt a pension law to conform to the proposed measure, there can be no immediate pension relief for the aged, and these old people must be taken care of now.

Aside from these practical considerations entering into the tax features of this proposal, there is also a grave question of constitutionality, particularly in the case of the joint tax on employer and employee for the purpose of setting up a fund for the payment of retirement annuities.

Congress may impose taxes only to provide revenue for the Government. This tax on its face is not for the purpose of providing revenue for Federal purposes, but it is simply an enforced contribution for the benefit of a certain class of persons.

COMPULSORY CONTRIBUTORY ANNUITIES AND UNEMPLOYMENT INSURANCE

As to the provisions of this proposed bill relating to contributory annuities and unemployment compensation, it is my belief they cannot be justified at this time.

In my opinion, the passage of this proposed legislation will further and definitely increase unemployment. I fear that titles VIII and IX hold out an incentive or inducement to employers to reduce the number of their employees to a minimum in order to avoid or reduce the taxes imposed upon them by these two titles. I am convinced that at this time the annuity and unemployment provisions constitute a serious threat to recovery because they impose two distinct pay-roll taxes, one of which falls entirely upon the employer and the other jointly upon the employer and employee.

I believe the age limit of 65 years is too high to be of assistance in solving the unemployment problem. We well know that it is exceedingly difficult for a person to secure employment after passing the age of 60. This is a machine age, and industry wants young and active workers. At 60 workers generally are considered unemployable. The question then arises, What shall become of those who are laid off at age 60 and who are unable to find other jobs? We cannot let them starve, and it is not fair to make them paupers before granting relief. Shortening the hours of toil will not solve this problem.

Under the unemployment-insurance titles the employer pays a tax of 1 percent of his pay roll for the calendar year 1936, 2 percent for the year 1937, and 3 percent for the year 1938 and subsequent years. According to the committee report, this means an initial burden of \$228,000,000 the first year, \$500,000,000 the second year, and from \$800,000,000 to \$900,000,000 annually thereafter.

Under the contributory-annuity provision the employer pays another pay-roll tax, which begins with a rate of

1 percent in the year 1937 and reaches a maximum of 3 percent in the year 1949. This tax begins with an initial burden of \$280,000,000, which gradually increases up to \$900,000,000 annually.

Considering these two taxes together, employers will be required to bear an additional tax burden of \$228,000,000 in the year 1936, \$800,000,000 in the year 1937, and a gradually increasing amount thereafter until the maximum of \$1,800,000,000 per annum is reached in 1949. This staggering total would be in addition to the present Federal, State, and local taxes. How long will industry be able to carry this burden?

The tax on employees also begins with a 1-percent rate and reaches a maximum of 3 percent in 12 years. It will be deducted from their pay envelopes in an amount ranging from \$280,000,000 in the first year to a maximum of \$900,000,000 annually.

In general terms this bill imposes a maximum tax of 3 percent on employers for unemployment insurance. It imposes another 3-percent tax on employers for retirement annuities. It also imposes a 3-percent tax on employees. The result is that by January 1, 1949, there will be a triple tax on pay rolls of 9 percent, imposing on employers and employees a total burden of nearly \$3,000,000,000 annually in addition to all other taxes.

Business recovery at the present time hangs in a very delicate balance. Every additional burden of this kind upon business, however small, tends to make recovery more remote; hence, imposing directly upon industry such a tremendous burden as I have mentioned is bound to cause a reaction which will result in prolonging the depression indefinitely.

Not alone will business be affected by the direct burden which is imposed upon it by this bill, but business will be seriously affected and depressed by having taken from it annually the \$280,000,000 to \$900,000,000 which is taken from the annual pay roll of the working class and withdrawn from the channels of trade.

The tax on pay rolls will fall alike on all kinds of business, whether operating at a profit or operating at a loss and may mean the difference between solvency and insolvency. Moreover, since this tax imposes a penalty on employment, it will tend to cause employers to get along with a minimum number of employees, and thereby it will tend to increase unemployment. This tax, when applied to the employee, operates as a gross-income tax, and it is, therefore, discriminatory.

When this tax is applied to the consumer it has the same effect on prices as a turnover or general sales tax. There will be a tendency to pyramid the tax for the various operations, from raw material to finished product, and this will cause a material increase in the cost of living.

If the administration cannot see its way clear to adopt a manufacturers' excise tax (with food and clothing exempted) for the purpose of making up a part of the Treasury deficit, I do not see how it can conscientiously support the tax on pay rolls and pay checks for the purpose of furnishing unemployment relief and old-age annuities.

UNNECESSARY AND CUMBERSOME BUREAUS

I do not approve the growing tendency of Congress to constantly set up needless, complicated, cumbersome, and expensive governmental machinery to carry into effect new policies and programs that are more or less experimental.

For 125 years this Government followed a pension policy in dealing with its defenders that had proven highly satisfactory to pensioner and Government alike.

But in the year 1917 Congress created, over my protest, the so-called "War Risk Insurance Bureau", now known as the "Veterans' Administration", to deal with pensions, and this Bureau has already cost the American people endless hundreds of millions of dollars for its administration, using money that should have gone to the veterans, and without giving the veterans any increased benefits.

In this social-security legislation it is proposed to repeat that expensive mistake, as you would set up another costly and cumbersome bureau to administer a new experimental

pension system by and through which we will again spend hundreds of millions of dollars, over a period of years, to operate a new and unnecessary Government machine, and again the cost thereof will come out of the pockets of the taxpayers and the beneficiaries.

The Bureau of Veterans' Affairs is already equipped to handle some of the benefits to be granted under this legislation.

The Children's Bureau will administer the benefits granted by title V.

The Public Health Service will administer the work under title VI.

Why do we talk against the establishment of new bureaus and yet constantly vote to create them? Why extend further this generally recognized evil, especially in this time of great national distress when there is so great a need for rigid economy?

REAL ECONOMIC SECURITY

The administration proposal does not provide any real increase in the buying power of the American people, neither will it provide work for the idle and unemployed; in fact, it will do the opposite by imposing a burdensome tax load without giving any immediate benefits.

In the first place, I believe that this measure should be so drawn as to be of immediate aid in ending the business depression. It should set the age limit of beneficiaries at 60, so as to take up a considerable portion of the present unemployment slack. It should fix the benefits at such a figure as will make possible dependable commodity consumption, production, and employment, thereby bringing to an early termination this distressing business depression, which is daily growing worse.

The prime need of the hour is recovery, not social reform. Since these proposals to which I am opposed are definitely within the scope of social reform, there is no compelling reason for taking them up at this time unless when so doing we provide a proper measure to restore business volume.

I am very sympathetic toward these social reforms. They should and must be given thoughtful and friendly consideration. However, it should be kept in mind that neither the old-age annuity nor unemployment insurance provisions of the bill are intended to provide immediate relief in their respective fields. They have no bearing upon the present unemployment situation, and my opposition to them at this time in no wise constitutes any lack of appreciation of the problems of those now in need. Rather, I feel that I am doing them a distinct service by insisting that nothing be allowed to impede business recovery and the resumption of normal working conditions. After all, a job is better than a dole.

My idea of an old-age-pension plan is one that will retire from gainful employment all persons at the age of 60 and over, thereby making places for the young who are now unable to find work. The plan should carry a sufficient annuity to give such buying power as will immediately tend to place production and consumption upon a firm, dependable, and permanent basis. That would largely obviate the danger of future depressions. Such a plan would be absolutely sound and workable in every respect. It should be financed in a manner to equalize the burden.

Our country is now in a precarious condition, and the demand is for immediate relief. No half-way measure will suffice. It is our manifest duty to provide adequate relief, and to do so at once.

The administration bill cannot provide any relief before the year 1937 and years will elapse before it can give any tangible benefits. We cannot wait that long. To do so will imperil the very safety of our country.

This prolonged business depression will not be overcome until we adopt a definite plan to make adequate provision for, and to enforce, spending and buying by the public in sufficient amount and volume to absorb the products of industry and agriculture required for our standard of living.

The national situation is now far too serious and critical to permit any mere gesture in this matter. We must have a measure that will actually and permanently afford relief

to our aged people and give employment to approximately 10,000,000 workers who are now idle, and who, together with their dependents, are being supported by Government money procured by bond issues which steadily increase the public debt.

This Congress will be derelict in its duty if it fails to enact a measure that will enable and permit the business of our country to resume activities in a manner to furnish employment for all citizens who should now be employed, to equitably distribute the rewards of honest labor, and to give security to our aged people in a dignified manner without reducing them to pauperism.

CONCLUSION

For the reasons stated in the foregoing, I favor a change in title I and the elimination of titles II, III, VIII, and IX.

Mr. Chairman, I herewith append my supplemental report:

SUPPLEMENTAL VIEWS OF MR. KNUTSON

While I concur in a general way with the conclusions of my colleagues of the minority, there are certain provisions of the bill so obnoxious to me that I cannot support it. My reasons for voting against the measure are as follows:

1. It is obvious from the provisions of this bill that it cannot be made effective for several years, hence it will be a bitter disappointment to those who have looked hopefully to this administration for immediate relief.
2. The measure is wholly inadequate and therefore will not give the result sought to be obtained.
3. The age limit of 65 is too high to give the needed relief. The limit should be fixed at 60, which would help the unemployment situation materially and at the same time care for a large number now out of work and who by reason of age are unemployable.
4. The old-age pension to be granted under H. R. 7260 would be wholly inadequate in the relief of distress. The amount paid would be so small that its effect upon business would be negligible.
5. The administering of this law will result in discrimination. People living in States that are bankrupt, or nearly so, will receive absolutely no benefits from this legislation. These people must be taken care of by the National Government.
6. The two pay-roll taxes which the bill imposes will greatly retard business recovery by driving many industries, now operating at a loss, into bankruptcy, or by forcing them to close down entirely, thereby further increasing unemployment, which would greatly retard recovery.
7. Many small concerns having 12 or 15 employees would discharge enough employees to exempt them from the payment of the pay-roll taxes, which would yet further aggravate the unemployment situation.
8. The proposal to establish a new bureau to administer this law is indefensible and a needless expense to the taxpayers. In the interest of economy the administration of the law should be vested in the Veterans' Administration, which is equipped to handle this activity.

Mr. TREADWAY. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, I have been studying this bill ever since it was reported out by the Ways and Means Committee about a week ago. I believe this bill will go down in history, not as the social security bill, but as the 9 percent pay roll tax bill, a bill designed to impose taxes upon the employer and employee amounting to 9 percent. Frankly I cannot figure any way it can come out of anyone except the employee, because the purchasing power of the country will not absorb any higher prices than we are carrying now, and the employers are now mostly operating in the red, so that they will not be able to absorb that tax. Three percent of it is levied directly upon labor. The bill is designed to cost approximately four to four and a half billion dollars in all. There is approximately \$3,000,000,000 on account of the 9-percent pay-roll tax; approximately eight or nine hundred million under the old-age relief, and it will run from two to three or four million under the other items in the bill. Frankly I do not see how the people of the United States can bear the burden. In addition to that, there is this situation: Many industries have already set up old-age-retirement propositions for their employees. Many industries are taking care of unemployment insurance themselves. No exemption is made for those people. In addition to the burden they are now carrying, they will have to meet the pay-roll tax, and their

employees will have to meet the pay-roll tax that is set up in this bill. Frankly I do not believe the bill has had the kind of consideration that a bill should have, to be brought here by the Ways and Means Committee.

Mr. WOOD. Will the gentleman yield?

Mr. TABER. I yield.

Mr. WOOD. Can the gentleman tell me what industries are taking care of their employees on unemployment features?

Mr. TABER. I know that a great many of them are.

Mr. WOOD. Can the gentleman name one?

Mr. TABER. I know that a great many of them are locally, in my part of the country. I am not going to name them in detail, but a great many of them are.

Mr. WOOD. I would like to have the gentleman mention one of them.

Mr. TABER. Many of them are taking care of them. The American Telephone & Telegraph Co. is taking care of those to a very large extent.

Mr. WOOD. That is not unemployment insurance.

Mr. TABER. Oh, but it is, if the gentleman would study it.

Mr. TREADWAY. Will the gentleman yield?

Mr. TABER. I yield.

Mr. TREADWAY. Was the inquiry relative to the number of employees that private corporations are caring for?

Mr. TABER. No. The inquiry was with reference to unemployment insurance. A great many of these people are paying their help when they are out of employment—sick, and a great many of them are being paid when they are unable to provide them with employment.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. TABER. I yield.

Mr. FITZPATRICK. With the private pension system, after a man had worked for 15 or 20 years and was laid off or discharged, he would lose the pension; is that not true?

Mr. TABER. Some corporations have a rule that if they are laid off or discharged prior to the attainment of their retirement privilege they would receive no compensation. Others take care of them just as well as this bill takes care of them. This bill provides nothing unless they have worked for 5 years in continuous employment.

Mr. FITZPATRICK. But, after that all citizens are provided for?

Mr. TABER. Oh, no; only those who have worked steadily for 5 years.

Mr. VINSON of Kentucky. The gentleman is not correct in that assumption.

Mr. TABER. What is it?

Mr. VINSON of Kentucky. It is not continuous service.

Mr. TABER. Is it service at all?

Mr. VINSON of Kentucky. It is 5 years' service.

Mr. TABER. Under that he might work 1 day a year. But it is limited to a certain percentage of the amount of their earnings during that period.

Mr. VINSON of Kentucky. That is correct.

Mr. TABER. And if they are not employed any great length of time the annuity will not amount to anything.

Mr. VINSON of Kentucky. But certainly the gentleman does not want to leave the impression that it has to be continuous service with one employer.

Mr. TABER. Perhaps that is correct. I thank the gentleman for the correction. At the same time, the pension will not amount to anything unless a man has steady employment; there is no question about that. These people will be on the old-age roll just the same unless they have had a long, continuous service.

I want to call attention now to some of the other high points that seem to me to stand out in this bill. I may be mistaken about this one, but I want to call the attention of the committee to pages 10, 11, and 12, where the gross amount that can be repaid to any employee is limited to 3½ percent of the amount of the wages he has received. When this bill gets to swinging, the amount of tax that will have been paid is 6 percent of the amount of the wages the employee has received, yet he is limited in the gross amount he may receive

to $3\frac{1}{2}$ percent of the amount of those wages. That leaves, if I understand it correctly, $2\frac{1}{2}$ percent for administration. Two and one-half percent is $41\frac{2}{3}$ percent of 6, so this means $41\frac{2}{3}$ percent for administrative expenses. Is not that correct?

Mr. SAMUEL B. HILL. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. SAMUEL B. HILL. Please explain how the 6 percent that is paid in is arrived at.

Mr. TABER. I did not say that the employee paid it in. I said that there had been paid in under title VIII, under the gross pay-roll tax there provided, 6 percent. Is not this correct?

Mr. SAMUEL B. HILL. The employer will pay 3 percent and the employee will pay 3 percent.

Mr. TABER. Well, 3 and 3 make 6.

Mr. SAMUEL B. HILL. They make 6.

Mr. TABER. Yes.

Mr. SAMUEL B. HILL. He gets back all he pays in, certainly, and more.

Mr. TABER. He gets back for what his employer has to pay, one-sixth; that is what he gets; and that means that this bill is setting up a law that requires a $41\frac{2}{3}$ -percent cost for administration.

Mr. SAMUEL B. HILL. Mr. Chairman, will the gentleman yield further?

Mr. TABER. Yes.

Mr. SAMUEL B. HILL. The gentlemen is referring to cases where this payment is made to the employee before he arrives at the eligible age of 65 for the annuity.

Mr. TABER. Not the way I understand this language, because as I understand the language it means that this is the rule with reference to any individual who dies after attaining the age of 65 or who has received annuities thereafter which run over $3\frac{1}{2}$ percent of the total amount of the pay that he has received.

Mr. SAMUEL B. HILL. If the gentleman will yield further, that is exactly what I was trying to direct the gentleman's attention to. The employee gets back more than he pays in.

Mr. TABER. Of the amount he has paid in, but not more than he and his employer together have paid in. That means that there goes into this fund $41\frac{2}{3}$ percent—I find I was correct in this situation—for administration. It means that the employee will pay the whole of that 6 percent in the long run and the gentleman is using a set-up requiring $41\frac{2}{3}$ percent out of the pay rolls of the poor to provide jobs for the faithful. That is just what it means.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield? The gentleman always is fair.

Mr. TABER. I try to be.

Mr. VINSON of Kentucky. He is very accurate generally.

Mr. TABER. Let me find the trouble, tell me.

Mr. VINSON of Kentucky. Close up to the age of 65 are the near-aged. The $3\frac{1}{2}$ -percent repayment to those dying before 65 is the principal plus one-half percent which is conserved as interest.

In the old-age benefits there is the problem, what might be called unearned annuities to the near-aged. For example, if a person were 59 years of age and earned \$3,000 over a period of 5 years under the present bill, he would get \$15 a month; whereas the $3\frac{1}{2}$ -percent feature to which the gentleman refers to, would give him only \$105 as a total lump-sum payment. In other words, the near-aged, those who are near the 65-year age limit, get the break in what might be termed unearned annuities, which are made possible by payments of employers. Consequently, the gentleman's figure of $41\frac{2}{3}$ percent for administrative costs, must be materially reduced. In fact, we were told in the committee that the administrative costs would be about 5 percent of the benefits paid.

Mr. TABER. I am very frank to say I cannot understand the gentleman's explanation, although I have tried to.

Mr. VINSON of Kentucky. I am trying to help the gentleman; I would like to if I could.

Mr. TABER. I appreciate that, but my time is limited and I cannot yield further. When the gentleman gets the floor in his own right I would like to have him explain why my figure of $41\frac{2}{3}$ percent for administrative cost is not correct.

Frankly, from what the gentleman from Washington told me, and insofar as I have been able to follow what the gentleman from Kentucky has told me, the $41\frac{2}{3}$ percent figure for administrative cost is correct.

There are other things to which I wish to call attention. Insofar as I can follow title III, there is no definite set-up of benefits, or no concrete definition of how unemployment insurance should be set up. It is left to this board which is to be created. Now, why should we delegate more authority to boards if we are going to have anything of this kind? Frankly, I think it is an impossible burden which is being placed upon the public. We ought to meet the responsibility ourselves of setting up definitely what is to be done rather than to have the thing turned over to somebody else to work out. I think we have had altogether too many boards, altogether too much delegation of authority.

Mr. JENKINS of Ohio. Mr. Chairman, will the gentleman yield for a question?

Mr. TABER. I yield.

Mr. JENKINS of Ohio. Would not the gentleman much prefer the board provided for in this bill rather than to have the present Secretary of Labor designated to make this set-up as was provided in the original bill?

Mr. TABER. That would be worse.

We ought to set up what we are going to do definitely and not vote for a "pig in a poke."

Mr. JENKINS of Ohio. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from Ohio.

Mr. JENKINS of Ohio. There is one thing in this set-up that was most shocking to me, and I know it would shock the gentleman much more, and that is in connection with the original bill the "brain trusters" and those who put the bill together thought that this great, colossal matter should be administered by one institution in charge of the present Secretary of Labor.

[Here the gavel fell.]

Mr. TREADWAY. I yield the gentleman five additional minutes.

Mr. TABER. I think the set-up that came over from the "brain trust" was worse than this one. I think we ought to strike from the bill titles II and III.

Mr. TREADWAY. May I say to the gentleman that striking titles II and III would make title VII simply a political set-up with nothing to do.

Mr. TABER. That is correct. We should strike title VII and we should also strike titles VIII and IX.

Mr. TREADWAY. That is correct.

Mr. TABER. Unless you go ahead in an intelligent way to meet this problem you are not going to meet it at all. Title I of the controversial titles is all there is to this bill that deserves any consideration whatever. Title I is the section that relates to old-age pensions. Unquestionably we have to meet the situation in some way, and I do not care to shirk that responsibility. Frankly, I feel it is a matter that the States should ultimately handle for themselves rather than for the Federal Government to handle it, but I do feel in the present emergency and in the present situation the Federal Government should make a temporary contribution. We should also keep titles IV, V, and VI.

Mr. Chairman, I think we should go ahead and pass a bill providing something of this kind which will take care of people who are in distress, but I do not believe we should attempt a broad set-up along the line as outlined in sections under titles II and III with the tremendous 9 percent pay-roll tax. I do not think we should think of such a thing until we have observed how the old-age situation will work out and how it will take care of the people. If we attempt to burden industry with more drawbacks and with more things that will prevent business recovery, we are going to be just exactly where we are now, and get worse and worse every day. That is the difficulty with the existing situation.

Mr. PERKINS. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from New Jersey.

Mr. PERKINS. I would like someone to explain why we hear the words "9-percent tax" quoted so often. How does the gentleman figure this 9-percent tax?

Mr. TABER. Well, 3 percent on the employer under title VIII, 3 percent on the employee under title VIII, and 3 percent on the employer under title IX; 3 plus 3 plus 3 make 9. That is the way it goes, as I understand the matter. Is that not correct?

Mr. JENKINS of Ohio. The gentleman is right.

Mr. VINSON of Kentucky. As of 1949.

Mr. TABER. That is at the final wind up. The amount of the tax and the percentage in effect on any particular day is given in a table that appears on page 44 of the report, according to estimates. Whether those estimates are right or not, I do not know. The members of the committee can tell you more about that than I can.

Mr. Chairman, it seems to me that this tremendous tax should not be imposed on industry in such a way that it will stop and clog recovery. I think that this Congress has done almost nothing but attempt to prevent recovery ever since the 1st of March 1933. I think we ought to stop those bills that are designed by the "brain trust" and which can have no effect upon the situation in America today except to prevent and restrain and keep back business from recovery. [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. ENGEL].

Mr. ENGEL. Mr. Chairman, I did not expect to speak on this bill. I am for an adequate old-age-pension law. Up until the time this bill was reported by the committee I thought I was for unemployment insurance. After looking over the bill and looking over its provisions I am wondering whether or not I am for unemployment insurance.

Mr. Chairman, my district consists of 11 counties. The major portion of the population is rural. My experience covering a number of years in State legislative work tells me that in the final analysis every tax is paid by the consumer. It is passed on to the consumer, and I do not believe this tax is going to be an exception. The factory owner and the industrialist will have to add his share of the tax to his cost of production, which will in turn be added to the cost of the article manufactured, and, of course, increasing the purchase price of the article.

Mr. Chairman, I am informed, and I think correctly, that 40 percent of the purchasing power of the country is in the farmer. If this bill is to cost approximately \$2,000,000,000 a year, as stated in the report of the committee, \$800,000,000 of this amount is going to be passed on to the consuming farmer. If it is true that you are going to have a reserve fund of \$32,000,000,000, it means that \$12,800,000,000 of this reserve fund is going to be paid by that part of the consuming public known as the "farmer." In view of the fact that he is exempt from the several subdivisions of the bill—that is, the unemployment section and the old-age reserve fund—and would properly be so exempt, I am wondering just what I can tell the farmers back home in justification of a vote for this measure. I may say frankly that I do not know at this time how I am going to vote on the bill. I am wondering just where we are going with this sort of legislation.

Mr. COOPER of Tennessee. Will the gentleman yield?

Mr. ENGEL. I yield to the gentleman from Tennessee.

Mr. COOPER of Tennessee. The gentleman understands that the farmers are entitled to benefits under title I?

Mr. ENGEL. Yes; but the gentleman also understands that the \$2,000,000,000 does not finance title I. It finances the unemployment insurance and the old-age annuity which is paid by the pay-roll tax.

Mr. COOPER of Tennessee. The gentleman is talking about some figures given by some gentleman on that side of the aisle. I am talking about the provisions of title I, which, of course, provide benefits for the farmers that the gentleman is concerned about.

Mr. ENGEL. Absolutely; and he is paying for that out of a \$49,000,000 appropriation provided for in the bill.

Mr. VINSON of Kentucky. If the gentleman will permit, the benefits under title I with respect to old-age pensions are paid for out of the General Treasury and not out of the reserve account, and the unemployment compensation is not paid out of the reserve account. The gentleman must keep in mind that there is an unemployment trust fund and a reserve account and then the Treasury of the United States.

Mr. ENGEL. That is very true; but this \$32,000,000,000 you are talking about—

Mr. VINSON of Kentucky. That is a reserve account and the farmer is not paid out of that under the old-age benefits. The farmer is not taxed under title VIII and is not taxed under title IX, and as I understand the gentleman, he agrees that they should be exempted.

Mr. ENGEL. He is not taxed directly, but if that tax is passed on to the consumer, as it always is—

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. ENGEL. If that tax, as every other tax, is passed on to the consuming public, the farmer, constituting 40 percent of the consuming public, is going to pay 40 percent of this tax which is going to be passed on to him; 40 percent of this tax of \$32,000,000,000 reserve fund or trust fund is \$12,800,000,000, and I would like to know how you are going to get around that.

When an individual is sick, the doctor leaves a bottle of medicine and says, "Take a teaspoonful every 2 hours and you will get well." The patient gets well, but every once in a while some fool comes along and swallows the whole bottle and dies. Some of these social reforms are all right, and I am in favor of them. If we take a spoonful at a time, we might get well; but I am wondering what will happen if we swallow the whole bottle. [Laughter and applause.]

Mr. SAMUEL B. HILL. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri [Mr. DUNCAN].

Mr. DUNCAN. Mr. Chairman, Dr. SIROVICH has just suggested to me that I state to the gentleman who just preceded me that it is sometimes necessary to try several kinds of medicine before you can find out what is wrong with a patient, and it might be necessary to give him a dose of each kind.

I do not think I have ever observed quite as much pessimism in all my life concerning the future of this country as I observe here today coming from our friends on the other side of the aisle. I am certainly glad that it is not catching. My friends over here are very much like the Arkansas traveler. When the sun is shining they do not need any roof on the house and when it is raining they cannot put one on.

I think if we are going to get anything out of this depression, the experiences we get ought to enable us to look into the future and make plans to prevent another one.

With respect to old-age pensions, I think every man and every woman in this House is agreed that we are going to have them. You know, I think the most unfortunate thing that has happened to this country is the fact that the hopes and aspirations of the old people have been built up to believe that they are going to get a lot of money, which every man who thinks sanely upon the question knows they are not going to get. The letters we get from the old folks in our districts are pitiful. They believe honestly in their hearts that they are going to get \$200 a month or \$100 a month.

Mr. McGROARTY. Mr. Chairman, will the gentleman yield?

Mr. DUNCAN. Gladly, sir.

Mr. McGROARTY. On what do you base your prophecy that they are not going to get it? What do you know about it?

Mr. DUNCAN. On the fact that this Congress is not going to pass such legislation, either now or at any time in the future.

Mr. McGROARTY. How about the next Congress?

Mr. DUNCAN. The next Congress is the same way.

Mr. McGROARTY. How do you know?

Mr. DUNCAN. And for one, I want to say to the gentleman that I think the Membership of this House is not going to sacrifice the financial structure of this country upon the altar of political expediency. [Applause.] I believe this to be true. I think the Membership of this House is still thinking soundly and is not permitting itself to be carried away by any of the visionary schemes that are being suggested to bring us out of this depression.

We must all recognize that because of the depression there are thousands and thousands of old men and old women in this country who have lost their savings, who have lost their jobs and never again will they be able to have employment. I am one who does not believe the Government owes to any man a living, but it does owe to him the right to make a living for himself, and when the Government finds itself in the position where, through its own short-sightedness, he is not able to make a living, then we do owe him something and we are going to have to take care of him.

If you have an old-age-pension law that is national in its scope, and by that I mean exclusively financed by the Federal Government, it must apply everywhere alike, and every man in this House today realizes that conditions differ in different parts of the country. They differ in the different communities of your own States, or in different portions of your own States. I for one have long advocated an old-age-pension law of some kind, and I honestly want to see one passed and I want to support one here that can become a law. This bill can become a law and I think the Membership of this House is in the temper to pass it. I am comparatively new in the Congress. I am a new member on the committee that has worked on this bill for 11 long weeks.

The method of preparing the bill has been discussed by gentlemen on the other side of the House. I do not think there has been a bill come into the House since my Membership to which the committee has given more thought and made more changes in the bill than in this. It comes to you after weeks of labor and thought, the best that the members of that committee could work out.

The plan of old-age pensions will enable the States to determine their own problems. My own State is in the same situation that many others are in. It is difficult to get money, it is difficult to collect taxes, but they are paying the money for relief that can be used for pensions.

Mr. LUNDEEN. Will the gentleman yield?

Mr. DUNCAN. I yield.

Mr. LUNDEEN. Is this the Wagner-Lewis bill?

Mr. DUNCAN. This is the Wagner-Lewis bill, now the Doughton bill. Mr. LEWIS and Mr. DOUGHTON introduced the bill in the House, and these different bills were taken up by the committee, and we have spent 11 weeks considering all of them, and this is the result of that labor.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. DUNCAN. I yield.

Mr. VINSON of Kentucky. After 30 days hearings on these different bills, we went into executive session, and after weeks of consideration of other bills this H. R. 7260 was introduced, after we had made 13 different drafts.

Mr. DUNCAN. That is correct; and this bill is the result of that labor. After the consideration of these bills this was worked out.

Now, there is one provision of the unemployment insurance that I do want to discuss. A number of the States now have unemployment laws. It is fundamental to me that we cannot have unemployment-insurance laws in this country unless it is national in scope. You must place the States on a basis of equality in the matter of taxation, so that if one State fails to have unemployment insurance and a neighboring State does have unemployment insurance the industry in the State that does have such laws will not be penalized because of the fact. So the tax has been placed on all industry alike. So it will cause the employers and the employees to demand the passage of such laws, as they ought to do.

Do you know your Uncle Sam has outgrown his pants and we are obliged to make a new suit of clothes for him?

Some have gone along not knowing of any change in the economic conditions. They do not realize the changes that have come to us—that we are living under changed economic conditions. They sit at their desks and think that we are going back to the old order of things. If they continue, we will go on further and further into the depths of depression. [Applause.]

[Here the gavel fell.]

Mr. DUNCAN. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and include therein a statement by Dr. E. E. Witte.

Mr. TREADWAY. Mr. Chairman, I reserve the right to object. I shall not object to any ordinary statement that my colleague wishes to make but I should to the inclusion of statements made by people not in any way connected with the hearings.

Mr. DUNCAN. May I say to the gentleman that the statement I refer to is now in the report of the committee and it concerns the Townsend old-age-pension plan.

Mr. TREADWAY. Oh, the gentleman is making an extract from the committee hearing?

Mr. DUNCAN. Yes.

Mr. TREADWAY. That is satisfactory. I did not understand.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. DUNCAN. Dr. Edwin E. Witte, executive director of the Committee on Economic Security, made an analysis of the Townsend plan which I think is of interest, and is as follows:

COSTS

The Townsend plan proposes that pensions of \$200 per month shall be granted to all citizens of the United States who are 60 years of age or over, other than habitual criminals, and who will forego all gainful occupation and agree to spend the pensions during the month in which they are received. No income or property limitations whatsoever are prescribed; even millionaires would be entitled to the Townsend pensions.

There were 10,385,000 persons over 60 years of age in the United States in 1930, as shown by the census of that year. At this time the number is considerably greater, being estimated at 11,562,000. The number of habitual criminals among the aged is very small and the number who are not citizens only about 600,000. While 4,155,495 persons over 60 years of age were in 1930 still "gainfully occupied", the great majority of these persons would gladly forego gainful occupation and agree to spend their pensions each month as received if they were assured a pension of \$200 per month. Even if one-fourth of all now gainfully occupied would refuse the pensions, the total number of the pensioners under the Townsend plan would still approximate 10,000,000. This is the figure for the number of pensioners most commonly given in the Townsend literature, although sometimes 8,000,000 is stated as the number to be pensioned.

If there are 10,000,000 pensioners, the cost is \$2,000,000,000 per month, or twenty-four billions per year, if there will be only 8,000,000 pensioners, these figures would be reduced to \$1,600,000,000 per month, or \$19,200,000,000 per year. Either figure is considerably more than double the present combined Federal, State, and local taxes, which in 1932 totaled only \$8,212,000,000. (Source: Annual Report of the Secretary of the Treasury, 1933, p. 306, and the report of the United States Census Bureau, Financial Statistics of State and Local Governments, 1932, p. 9.)

These figures would represent the costs only in the first year. Persons who reach age 60 still have more than 15 years of life ahead of them on the average. Under the Townsend plan the average pensioner would be entitled to \$200 per month for more than 15 years. Actuaries employed by the committee on economic security have computed that merely to pay pensions to those now 60 or over represents a cost to the Government of a present value of \$245,000,000,000, which is to be compared with a total estimated public and private debt of \$126,000,000,000 at the peak of the boom period in 1929. (Source: The Internal Debts of the United States, by Evans Clark, p. 10.) This total almost equals the entire estimated taxable wealth of the United States, which the report on Double Taxation in 1932 of a subcommittee of the Committee on Ways and Means of the House of Representatives in the Seventy-second Congress, second session, page 294, places at less than \$260,000,000,000, and is 50 percent greater than the actual assessed value of all property, found by this subcommittee to be \$163,000,000,000.

As the plan contemplates that not only shall pensions of \$200 per month be paid to those now 60 and over but also to all persons as they become 60, the actual liability assumed by the Government is much greater than this staggering total of \$245,000,000,000.

For many years to come the number of pensioners will increase each year, and the annual cost and total liability will mount rapidly.

TAXES

To finance the Townsend pensions, the McGroarty bill (H. R. 3977), which is the official Townsend-plan bill, provides that a 2-percent tax—which may be reduced by the President to 1 percent or increased to 3 percent—shall be levied "on the gross value of each business, commercial, and/or financial transaction", to be paid by the seller.

In the Townsend literature the claim is made that the total money value of all transactions in 1933 was 1,200 billion dollars, and the Fifty-fifth Statistical Abstract of the United States is cited as authority for this statement. The page where this information appears, however, has never been given, and a careful examination of the Fifty-fifth Statistical Abstract of the United States indicates that no figure for the total money value of all transactions appears anywhere in the volume. The nearest approach to such a figure is the total of all bank debits, representing the total of all business transactions in which bank checks, drafts, etc., are used, in the 141 principal cities of the country, which in 1933 was \$304,769,000,000. (Source: Statistical Abstract of the United States, 1933, p. 254.) It is estimated by Mr. Horbett, of the Federal Reserve Board, that the debits of all banks outside of the 141 principal cities are one-third of those in these cities. On this assumption, the total of all bank debits in 1933 was \$442,000,000,000, while, roughly representing the total of all "business, commercial, and/or financial transactions", not all of this amount will be taxable under the Townsend plan, as it specifically exempts "salaries for personal services." Allowing for this exemption, approximately \$400,000,000,000 of transactions would have been taxable in 1933. At the 2-percent rate in the McGroarty bill, this tax would have yielded \$8,000,000,000, or about one-third the amount needed for the Townsend pension. A rate, not of 2 percent or 3 percent, as provided in the McGroarty bill, but of 6 percent is indicated as necessary for the payment of the Townsend pensions on the basis of 1933 money value of all transactions.

Even a 2-percent rate on the money value of all business, commercial, and financial transactions, to say nothing of a 6-percent rate, is so heavy that it would stop all business and could not possibly be collected. It would mean a tax of 2 percent of the face value of every check written in the course of ordinary business transactions. It would apply to manufacturers' sales, wholesalers' sales, and retail sales, and for nearly all commodities would represent a duplication of taxes, which, inevitably, would have to be added to the price paid by the consumers. In glassware, for instance, 11 transactions are customary between the producer of the raw materials and the consumer. On all of these transactions there would be a 2-percent or 3-percent tax, and at each stage something more than the tax (to allow for investment and handling charges) would be added to the price.

Such increases in prices would have a pronounced tendency to restrict purchases. Many other types of transactions would be rendered entirely impossible, while in the Townsend literature the claim is repeated time and again that a very large part of the entire cost of pensions would come from the sale of stocks and bonds, the probable effect of a tax of 2 percent (or 3 percent) on the money value of all sales of securities would be to close all stock exchanges, since the margin at which business is done on these exchanges is much less than 2 percent. A tax of 2 percent on the money value of all transactions would dry up the sources of revenue and would probably produce much less than the \$8,000,000,000 per year indicated as the probable yield on the basis of the 1933 business of the country. In fact, it is doubtful whether such a heavy tax could be collected at all.

ADMINISTRATIVE PROBLEMS

Aside from the difficulties of collecting three times the amount of the Federal, State, and local taxes combined (which, as noted, would require a tax rate not of 2 percent but of 6 percent on the money value of all business, commercial, and financial transactions) the Townsend plan involves other great administrative difficulties. It provides that all sellers shall be licensed by the Secretary of the Treasury. The Bureau of the Census in 1933 had a record of 2,359,497 establishments engaged in manufacturing, wholesale and retail trade, hotels, service industries, and places of amusement, and this is by no means the entire number of sellers who would have to be licensed and from whom taxes would have to be collected monthly. Provisions would also have to be made for up-to-the-minute lists of pensioners and their identification, to prevent frauds. Under the McGroarty bill further local pension boards would have to be set up in each of the 3,071 counties, and approximately 3,500 wards in cities of the country.

Most difficult of all would be the necessary checking to see that the 10,000,000 pensioners all spent their \$200 within the month in which received. This would require going into the private affairs of the pensioners to an extent never before attempted, and would necessitate a vast army of additional Government employees.

FINAL APPRAISAL OF PLAN

The Townsend advocates base practically their entire argument on the "revolving" feature of their plan. If there does not result from the plan a very great increase in incomes and in the money value of transactions, the promised pensions cannot possibly be paid for any length of time without wholesale inflation. The total income of all of the people of the United States in 1933 was only \$46,000,000,000. The people who are over 60 years of

age are less than 9 percent of the entire population of the country. The Townsend proposal consequently might be described as a plan under which more than half the national income is to be given to the less than 9 percent of the people who are over 60 years of age. Unless there is a very great increase in the national income, this could be done only through reducing the incomes of the people under 60 years of age by approximately one-half.

The Townsend advocates claim that such a result will not be produced, because business will be enormously stimulated through placing such a large amount of money in the hands of the old people to spend within the month in which received. They say nothing about the fact that the people under 60 will have approximately the same amount less to spend, as they will have to pay in taxes the amount which the people over 60 will get in pensions.

The Townsend literature states that the United States Government would have to pay only the \$2,000,000,000 required for the first month's pensions and that the plan would thereafter be self-sustaining, because it would create enough new business to return to the Government the entire pension costs without burdening the taxpayers. As the rate of tax proposed is only 2 percent, it is manifest that the \$2,000,000,000 paid out in the first month would have to increase to one hundred billion during that month to justify the expectations of the Townsend advocates. The Townsend plan contemplates that pensioners shall spend their money within the month in which received—that is, that all of the pension money shall be turned over once during the month—but in order to produce sufficient revenue to pay the pensions of the second month, without burdening the people under 60, there must be 50 turn-overs of the pension within the first month.

Even the Townsend advocates acknowledge that this is impossible, but they are reduced to the dilemma either of burdening the people under 60 with heavy taxes, which will greatly reduce their incomes, or of having the Government pay the pension costs for a much longer period than the first month. Since it is inconceivable that the people under 60 would submit to have their incomes reduced by one-half, the latter course is the only possibility. This will mean a rapid increase in the national debt and, in effect, pronounced inflation.

Through inflation it may be possible to keep up the pension payments for some time. The final result, however, cannot be in doubt. The inflation and duplicate taxation involved in the Townsend plan will cause prices to soar, and soon, even with \$200 per month, the pensioners will not be better off than they were before, while those below 60 will be immeasurably worse off. The Townsend plan is one which involves not only revolving pensions but revolving taxes. It is a plan which arouses great hopes, but actually will give the old people little or nothing.

Mr. DOUGHTON. Mr. Chairman, I yield 15 minutes to the gentleman from Illinois [Mr. KELLER].

Mr. KELLER. Mr. Chairman, I am very much delighted to know there are so many students of Jeremiah in this body. I did not know it before. It does seem to me that we ought to face this question as a real current matter of very great importance. It seems to me we ought to view this as a great step which the American people have had a right to take for many years past, and that we are just now seeking to take it. Naturally, there would have been, and there has been, a very great divergence of opinion as to how to go at this thing, how far we should go, and what will be the result, whichever way we did go. In 1913, as a member of the State Senate of Illinois, I had the great pleasure and honor to put forward in that body an old-age-pension bill. The bill failed because the people of Illinois were not ready for it at that time. The first session that I came into this body I became a member of the Labor Committee, and I put forward an old-age-pension bill which came before that committee. That bill provided for \$30 a month.

When this session came upon us I did another piece of work that I want to put on record here. Having learned from long experience with hearings before the Labor Committee during the past two sessions that we were not thoroughly together on our ideas of what part the State ought to bear and what part the Nation ought to bear, the first thing I did was to write to every Governor of every State in the Union. I received 30 answers from 30 Governors within the first 10 or 15 days.

I turned those letters over to Dr. Witte, Chairman of the President's Committee on Welfare, which was working on this bill at that time. It will be of interest to note that of the 30 answers I received, 28 specified in their belief that \$30 a month was the best figure. One advocated \$40 a month, as the amount that ought to be paid, and one said that no amount whatever ought to be paid. The remaining answers, or several of them, came in after that and were turned over to that committee; but of the first 30 alone I kept account. I was convinced, therefore, that the amount

that many of us had thought of was correct, because most pension bills put forward had been to that extent alike; and why? For this simple reason: To my mind the first thing to do when studying a bill which we hope to become law is to find out what we can do for a certainty, and then when our experience has increased, when we know we can do better, then go ahead and do better.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. KELLER. Yes; certainly.

Mr. VINSON of Kentucky. Certain gentlemen have objected to the burden upon employees in the payment of 3 percent in 1945 to secure old-age benefits. As I recall, the gentleman was a leader in the fight to secure retirement benefits for the railroad workers of this country.

Mr. KELLER. Yes, sir; that is true.

Mr. VINSON of Kentucky. I would like to have his opinion as to whether or not the workingmen of the country would appreciate the opportunity to build up a fund for old-age benefits.

Mr. KELLER. I thank the gentleman for the question, because it has a bearing here, and it ought to be considered in this body at the present time. I think I received no less than 50,000 letters from the railroad workers all over the United States, and to say that they were unanimous in the opinion that they ought to have the right to build up an old-age-retirement fund is entirely within the truth. They did stand for that, and they do stand for it now. Not only that but we found also that the railroads themselves had been establishing railroad pensions all over the country, and that 90 percent of the entire mileage was already paying a pension of some kind. So we did the thing that occurred to us as being rational at that time. We divided the burden as you have divided it, as I understand it, in this bill. We put on industry, on employers, a two-thirds burden, and put one-third on the men, and that ought to be fair, because that is the way it figures out in practice.

But we are going to go much further along that line; it seems to me that anyone who studies clearly and uses his vision cannot doubt that at all. We are going further, and we are going to take many steps of which this is just the first one, and the political party that fails to see that will not get back, even in 1970.

Mr. LUNDEEN. Mr. Chairman, will the gentleman yield?

Mr. KELLER. Surely.

Mr. LUNDEEN. I think the gentleman deserves a great deal of credit for having introduced an old-age-pension bill 22 years ago. Did that bill provide for paying \$30 out of the National Treasury?

Mr. KELLER. The bill was presented 22 years ago in the State Senate of Illinois and was for a State old-age pension.

Mr. LUNDEEN. Then the gentleman introduced one here?

Mr. KELLER. Yes. The bill I introduced here was purely a national old-age-pension law in which the Government should pay the entire amount.

Mr. LUNDEEN. Out of the National Treasury?

Mr. KELLER. Yes, sir.

Mr. LUNDEEN. I agree with that.

Mr. KELLER. I am going now to disagree with myself upon that.

I am going to say that the committee has done a wiser thing than I had sought to do, though we are looking at the same subject with the same object in view. That is this: I was perfectly willing that the Government should pay, but when I came to study it over I had to agree that as a matter of organization, the people in the locality know what ought to be paid to the different ones better than any possible Government agency. As I understand it, that is the view of the committee, and I think it is a wise view. I think it is the only rational thing to do.

Mr. LUNDEEN. Will the gentleman yield?

Mr. KELLER. Certainly.

Mr. LUNDEEN. Should not all American citizens be treated alike?

Mr. KELLER. I agree with the gentleman, because, let me confess, I am a nationalist, broadly speaking, but I must, nevertheless, understand and keep in mind that there is a reason for the existence of the States and their sovereignty as it has existed. I am not going to overlook that fact. I must hold that in mind as a matter of plain, ordinary horse sense.

Mr. COLDEN. Will the gentleman yield?

Mr. KELLER. Gladly.

Mr. COLDEN. As a student of old-age pensions for many years, I would like to ask the gentleman if he believes there is a relationship between the amount that can be paid and the national average or per capita income?

Mr. KELLER. Oh, yes; there is no question about that. Answering that, I want to say further that I took up with Dr. Witte, head of the President's committee, which worked out much of the information these gentlemen have had the pleasure of using, the proportion that the Government ought to pay. I wrote him insistently saying that in my judgment the Government should pay 75 percent instead of 50 percent. When I was told that the administration would stand for 50 percent and probably no more, I made this suggestion, and I want to suggest it to the committee. That is, that at the beginning, we will say, while so many of the States are in practical bankruptcy, the Federal Government should pay 75 percent and let the States pay 25 percent; and then reduce the amount which the Government pays and increase the amount which the States pay during a series of years, according to what we think is good judgment.

I want to say to you here if this body does what I believe it will do, we are not going to get excited over any part of this pension bill. We are not going to quarrel over nonessentials. We are not going to mix the thing, as has been done to a remarkable extent by the speakers who have preceded me, especially on the Republican side. We are not going to submit to any mixing of the facts in this case. We are going to insist, I am sure, on keeping the record entirely straight, in thinking this thing straight through. The reason I am speaking of that especially is this: I have, as you all know, been against what we call "gag rules", and I am going to remain against them, because I have said from the beginning that I have never seen a bill pass this body under a gag rule that would not have passed this House under the most liberal possible rule, and to the advantage not only of this body itself, to its dignity and to its duty, but to the very great advantage of the American people, because, after all, if you think the American people are not following the doings of this body you had better guess again and wake up. They are studying what we are doing. They are reading what we are saying here. They are forming opinions of what we express, and about us from our consideration of them.

Mr. MARCANTONIO. Will the gentleman yield?

Mr. KELLER. I yield.

Mr. MARCANTONIO. I realize the gentleman is an authority on the question of old-age pensions and unemployment insurance. I call the gentleman's attention to the testimony of Miss Perkins before the Senate Finance Committee at page 117, as follows:

Senator BLACK. Miss Perkins, I want to ask you one or two questions. Senator COUZENS brought up the question as to the imposition of contribution on the people at work. Is it not true that the tax employed under the bill necessarily is, in the main, a tax on the people at work?

Secretary PERKINS. Well, it will not be collected directly from them.

Senator BLACK. Certainly.

Secretary PERKINS. You mean, sir, I suppose, that it can be translated into the price?

Senator BLACK. Most of the consumers of consumable goods, are they not the people of low income?

Secretary PERKINS. Yes, sir.

Senator BLACK. Then is it not true that under this tax, as imposed, it will, in the main, be loaded upon those who purchase consumable goods and therefore will, in the main, be loaded upon those with smaller incomes?

Secretary PERKINS. Yes, sir.

What is the gentleman's opinion about that?

Mr. VINSON of Kentucky. Will the gentleman read the next two sentences?

Mr. MARCANTONIO. Certainly. [Reading:]

Senator BLACK. Then is it not true that up to that extent it does not increase the aggregate purchasing power of the Nation? Secretary PERKINS. I think it will increase the purchasing power.

Does the gentleman want me to read further?

Mr. VINSON of Kentucky. The gentleman is a good reader.

Mr. MARCANTONIO. It does not modify what I read at all.

Mr. KELLER. I think there is no question but what Miss Perkins answered entirely correctly. I do not think there is any dispute in the minds of the Members on that subject. What I am trying to do most of all is to keep this thing perfectly clear in mind. I am talking mostly, as you understand, for a direct old-age pension. I have very specific ideas on the possibility of unemployment insurance. My honest belief is that there is only one possible effective unemployment insurance, and that is the guarantee of a job for every man and woman who wants to work. That is my opinion of it, but I am not injecting that here, because I am going along with this bill. This same idea that we are putting forward here has been tried already in a number of countries with some success; not a lot of success, but some success. I think the United States is going to step forward, far ahead of any other country along that line, within the very next few years.

I am glad to see this step taken, however.

Mr. HOUSTON. Mr. Chairman, will the gentleman yield?

Mr. KELLER. I yield.

Mr. HOUSTON. Does the gentleman know what percentage of the pay roll is required to build up this fund for future unemployment insurance or old-age pensions?

Mr. KELLER. I have not studied that matter sufficiently to answer the gentleman directly. I think if the gentleman will study the hearings he will find it explained much better than I can give it. I would not like to answer a question I have not studied specifically.

Mr. HOUSTON. Who pays this, may I ask?

Mr. KELLER. As I understand it two-thirds is paid by industry directly and one-third by the man who receives the benefits.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield 10 additional minutes to the gentleman from Illinois.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. KELLER. I yield.

Mr. HEALEY. For the purpose of the RECORD will the gentleman, if he has the information, kindly state how many States now have old-age pension laws in effect?

Mr. KELLER. Twenty-eight States now have old-age pension laws, but they are just like my State. We have pensions for the blind and pensions for widows, but we are not paying them, and it is for that reason I say now that the Federal Government ought for the next 4 years to pay a minimum of 75 percent so as to induce the States that are hard up, and Illinois is hard up, to resume payments and other States to begin the system. I believe it would be a very great incentive. Does that answer the gentleman's question?

Mr. HEALEY. May I ask one further question?

Mr. KELLER. Certainly.

Mr. HEALEY. The enactment of this legislation will assist those States which are actually paying old-age pensions.

Mr. KELLER. Of course it will, and it will help the others that have not enacted such laws to enact them.

Mr. DOUGHTON. Mr. Chairman, will the gentleman yield?

Mr. KELLER. I yield.

Mr. DOUGHTON. Is it not a fact that this is the first administration and the first Congress that has taken any step at all so far as national assistance is concerned in the direction of old-age pensions?

Mr. KELLER. Of course it is.

Mr. DOUGHTON. Other administrations have made the State carry this whole burden, which we all know is a heavy burden and which, if it is to be universally applied, must have a national set-up and Federal help.

Mr. KELLER. Mr. Chairman, I want to say to the gentleman from North Carolina, the Chairman of the Committee on Ways and Means, which wrote and reported this social-security bill, that if this bill becomes a law, and it will become the law, the gentleman has connected his name with a thing that will bring such fame to him as he at the present time does not dream of. [Applause.] That is true, gentlemen. I am not handing an empty compliment to the Chairman of the Committee on Ways and Means. This is the first step, and it is a great step and a wise step, but it is not the only step, for we shall take more as we go along.

Mr. DUNN of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. KELLER. I yield.

Mr. DUNN of Pennsylvania. If this bill is enacted into law in its present form, will it provide pensions for those people who have attained the age of 65, but who have not contributed to the fund?

Mr. KELLER. Yes, certainly. The old-age feature of the bill is just a plain, straight-out old-age pension. We are mixing here, of course, old-age pensions and old-age benefits; but the old-age-pension feature, I may say to the gentleman from Pennsylvania, is just a plain, straight old-age pension right straight out of the Treasury of the United States.

Mr. DUNN of Pennsylvania. When will the payment of these pensions begin if this bill is enacted into law?

Mr. KELLER. It goes into effect the 1st day of July, as I understand it, but it actually goes into effect on the 1st of January, as soon as the set-up, the organization can be gotten together and arrangements made to administer the law, and the names of those eligible have been gathered. It will be a New Year's gift to the old people of America from Uncle Sam.

Mr. DUNN of Pennsylvania. Will the gentleman yield for one further question?

Mr. KELLER. I yield with pleasure to my colleague on the Labor Committee.

Mr. DUNN of Pennsylvania. Will the citizens of those States that do not provide pensions themselves derive any benefits under this act?

Mr. KELLER. Not until those States pass appropriate laws.

Mr. DUNN of Pennsylvania. Suppose those States should refuse to pass legislation granting pensions, what would happen?

Mr. KELLER. The citizens of those States at the next election would vote against incumbent officials, and put in other officials who would pass such legislation; there is no question about that.

Mr. DUNN of Pennsylvania. I believe the real solution of the problem would be for the Federal Government to pay adequate old-age pensions regardless of what the States may do.

Mr. LUNDEEN. Mr. Chairman, will the gentleman yield?

Mr. KELLER. I yield.

Mr. LUNDEEN. Is not the statement of the gentleman from Pennsylvania an added argument in favor of the Government paying these pensions?

Mr. KELLER. I may say to the gentleman I suggested that, of course.

Mr. LUNDEEN. Just one other short question. President Green, of the American Federation of Labor, described the Wagner-Lewis bill as pitiable and utterly inadequate. Will the gentleman say that this characterization applies to the Doughton bill?

Mr. KELLER. I do not think so.

Mr. LUNDEEN. It is a different bill.

Mr. KELLER. The truth of the matter is that in my last campaign I made speeches all the way along the line for an old-age pension, and I stood for \$30 a month. I have not

yet received a single letter from the large number of aged people in my district objecting to that. They are all only too glad to think they are going to get it.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. KELLER. I yield.

Mr. DONDERO. The gentleman stated that 28 of the States pay \$30 a month old-age pension. Is that about what they think the Government can carry out?

Mr. KELLER. That is true, of course, but the States have not specified that in their laws. Twenty-eight out of 30 of the governors of the States to whom I wrote to get a cross section of State administration views on the whole matter gave me as their opinion that \$30 was the most practical amount and that the Federal Government should pay from 50 to 75 percent, and some went even as high as 80 percent.

Mr. WOOD. Mr. Chairman, will the gentleman yield for one question?

Mr. KELLER. I am anxious to continue with my statement, but I yield for a question to another of my colleagues on the Labor Committee. Make it a straight question, please.

Mr. WOOD. I wish the gentleman would tell me wherein William Green, president of the American Federation of Labor, has testified before any committee that the Wagner-Lewis bill is a pitifully inadequate bill.

Mr. KELLER. I do not know.

Mr. COOPER of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. KELLER. I yield.

Mr. COOPER of Tennessee. Further extending the observation of the gentleman from Minnesota, I believe it is but fair to say that in the statement of Mr. Green, the president of the American Federation of Labor, when he appeared before the Ways and Means Committee, in his remarks on the question of unemployment insurance which is contained in this bill under title III, he stressed two particular points:

One was that the funds should be pooled in the States and not allow company reserves, and that is carried forward exactly as he suggested here. The second point was that the amount of the excise tax should be levied upon the pay rolls to be paid by employers, and it is exactly provided in that manner in this bill.

Mr. KELLER. I thank the gentleman for his observation.

Mr. TREADWAY. Will the gentleman yield?

Mr. KELLER. I yield to the gentleman from Massachusetts.

Mr. TREADWAY. I want to clear up just a little uncertainty in my own mind as to the statement the gentleman made with reference to when any of these old-age payments will reach the individuals. I understood him to say very shortly.

Mr. KELLER. No. I stated the law would go into effect on the 1st of July, and it would take until about the 1st of January before the entire machinery is set up, and bring the money really into the hands of those who need it. That is my own judgment.

Mr. TREADWAY. May I call the gentleman's attention to two provisions in the bill? One is that an appropriation is authorized for the fiscal year ending June 30, 1936. That is in section 1. Then in section 3 the Secretary of the Treasury is authorized to make payments to States which have an approved plan for old-age assistance. In other words, the plan of the States must be approved by the Social Service Board before the States are eligible to receive Federal assistance.

Mr. KELLER. Certainly. It would make for chaos if it were not provided in that way.

Mr. Chairman, there are two bills I want to talk about, namely, the Townsend bill and the Lundeen bill. I am not excited about nor am I disgusted with either one. The truth of the matter is that I have read everything that has been sent to me on this subject, and that has been plenty, which would enlighten me. I have received many letters along this line, and I want to say that the Townsend bill as it first came before this body was, in my humble judgment, a wild

plan. May I say to the gentleman from California [Mr. McGROARTY], that since he has worked it over it can no longer be termed a wild plan. On the contrary, it is a very intelligent presentation of an idea. However, it is not an idea, in my judgment, that we are in position to accept at the present time because I believe we have to go to work and make money before we can pay out the money. It may be because of my lack of vision, but I do not see that by spending money in the way suggested in that bill that we will start things going.

[Here the gavel fell.]

Mr. DOUGHTON. I yield the gentleman 2 additional minutes.

Mr. KELLER. For this reason, I have been fighting for the right to give men jobs in this country. When you put everybody to work and restore your national income to where it was in 1928 or 1929, prior to the panic on the New York Stock Exchange in October of 1929, then we are ready to look at some of these plans; then we are ready, Mr. Chairman, to consider providing what we might call an adequate pension out of this pension bill. We can do that after we have had experience. In my judgment, we are not ready to do that until we have put men to work, and until we have found out just what we can do.

The Lundeen bill is an idea, and it is a broad-gaged idea. It is an idea that is worth the time of any Member on this floor giving attention to, because I am not willing to say it might not hereafter become the ideal plan to be adopted by the American people when we have arrived at the place where we can consider it as a possibility. It does seem to me that we should pay this pension here provided for now, and increase the payment, if found to be inadequate, until the pension becomes adequate. That is the way American people do things.

Mr. Chairman, may I say in closing that we ought to keep our heads entirely clear. We ought to know that a vote for this bill, whether we can agree with all parts of it or not, is going to be a vote for the most forward-looking piece of legislation in the history of the American Government. [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. SAUTHOFF].

Mr. SAUTHOFF. Mr. Chairman, I am going to address most of my remarks to the gentlemen on the Ways and Means Committee, because I am in favor of this bill. As I have read it and studied it, however, I have come to the conclusion that there ought to be some changes, and I come before the Committee now in a spirit of friendly cooperation in order to try to do something constructive to aid the bill, not in an attempt to tear down the bill by vicious criticism that offers nothing in its place.

We of Wisconsin have had nearly every bit of this legislation in our State, some of it for 20 years, and we claim that we have the finest State in the Union, at least as far as social security is concerned. [Applause.] We challenge comparison with any other State in this respect. In fact, up to this year we were the only State in the Union that had unemployment insurance.

Mr. Chairman, these various social, economic, and industrial measures I have heard debated for 35 years in my State, and invariably the only argument that was ever advanced against such legislation was that it would destroy industry. We do not destroy industry and we never have destroyed industry in the State of Wisconsin. I well recall back in 1911 and the years immediately preceding when we had the fight for workmen's compensation. The same battle was waged against that measure that has been waged against all social-security legislation in our State, namely, that it would destroy industry in the State. Well, we adopted the Workmen's Compensation Act. We were called the "Guinea Pig State" and the State of experimental industrial legislation, but we have lived to see the day that not only the other States of the Union have adopted this legislation but the Federal Government in addition has also adopted it. [Applause.] Furthermore, we are better off today than the majority of

our States. Not one child has been denied education because of lack of funds, and all this we have done without one dollar of bonded indebtedness. That is an exceptional record, especially in these difficult and trying times.

Mr. Chairman, I do not expect that this is going to be a perfect piece of legislation. My own personal experience, both in drafting legislation, in debating it, and in voting on it, has led me to the conclusion that no legislation is perfect when it is first passed. That is the common experience. We have to change all of the laws. We will have to change this bill if we pass it in its present form. As time goes on it will be improved with experience. Trial and error will point the way for us to take in the future. Coming generations will have different problems to meet in this respect, just as our problems differ from those of a previous generation. Let them deal with their problems when they face them, just as we are dealing with ours as we face them.

Mr. Chairman, I am in favor of passing this legislation, not because I believe it to be perfect, but because it is a beginning of a new era for the less fortunate and the under privileged.

My anxiety about this bill is this: It is a splendid forward step in the march of progress in social security. [Applause]. I want to keep on with that forward march just as long as we can possibly do so. I appreciate the fact that there are those who would prefer to pass only old-age pensions and discard all the rest of this splendid program. I am not unmindful of the fact that there are those who would pass only some legislation on unemployment insurance and discard all the rest of this program.

As far as I am personally concerned, the 9,000,000 children who come under this beneficial legislation are more important than either the old-age people or the unemployed, because we have taken care of the unemployed with the \$4,880,000,000 work-relief bill. It now remains for us to make some substantial contribution to the future in securing not a temporary relief measure, but a definite, permanent, social-security plan, and this is it.

I now want to ask a few questions of the committee in regard to this matter and may I say to the members of the committee I have received two telegrams today, both from my home at Madison, Wis. One is from John Callahan, the superintendent of public instruction, addressed to me. He says:

I am hoping for the passage of H. R. 7260, especially interested in title 5, parts 2 and 4.

JOHN CALLAHAN.

Then this other telegram:

Nine thousand, five hundred crippled children and over 14,000 physically-handicapped juveniles and adults in Wisconsin plead your help. Urge title 5, part 4 and part 2, relating to vocational rehabilitation and services for crippled children as included in H. R. 7260.

W. F. FAULKES,

State Supervisor, Vocational Rehabilitation.

Now, if the gentlemen of the committee will bear with me, I will try to get a little help from them in respect to some of the provisions that I think ought to be changed.

In the first place, I am not satisfied with the contribution of \$50,000,000. I think it is utterly inadequate. I cannot lend myself to a program in this House, which has voted and will vote for \$1,500,000,000 for the Army and the Navy and less than \$100,000,000 for this entire social security set-up. This is why I say that in my judgment it is utterly inadequate and will not take care of the wants and the needs of those whom it seeks to help.

Mr. COOPER of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. SAUTHOFF. I cannot refuse the gentleman, but I would prefer to continue.

Mr. COOPER of Tennessee. I understood the gentleman was directing his questions to members of the committee.

Mr. SAUTHOFF. That is all right; go ahead, I yield.

Mr. COOPER of Tennessee. I did not want to intrude upon the gentleman, but I understood him to say he wanted to direct his questions to members of the committee.

Mr. SAUTHOFF. That is correct and I yield.

Mr. COOPER of Tennessee. On that point I invite the gentleman's attention to the fact that 29 States and 2 Territories now have old-age-pension laws. The total amount that is used for all of these purposes is \$31,000,000. Of course, this represents over one-half of the States of the Union. The best estimates of those who were in a position to know more about it than anybody else assured the committee that the sum of \$50,000,000 for the first year, when we know that many of the State plans cannot be put into full operation, would be ample and sufficient to take care of that length of time.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. COOPER of Tennessee. And, of course, in future years the gentleman will observe there is no limit set at all. The amounts necessary are here authorized to be appropriated.

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. SAUTHOFF. Thank you very much, Mr. Chairman.

On page 3, lines 5 and 6, referring to the language in parentheses, I think the civil service is omitted there, and with respect to subsection (7) under (a), I have the feeling that in the case of homesteads there should be an exemption on homesteads for the benefit of the surviving spouse. It should not be possible, upon the death of the husband, to sell the homestead of the widow. Let her live in the old home the balance of her days.

On the next page, in lines 23, 24, and 25, beginning with "not counting" in line 23, and ending with "\$30" in line 25, we ought to strike that all out of the bill. I am in favor of raising the amount and would make no limitation on the States, but permit them to provide more generously, and the Federal Government also.

This, of course, is a matter of personal opinion, but I have the feeling that \$30 is not adequate, and secondly, I want to give the States all the possible help I can in passing their own legislation.

On page 9, line 4, beginning with "on the date he attains the age of 65", I feel there should be a limitation there restricting it to those who have retired, in order that it might bring out what I conceive to be one of the purposes of this bill, namely, by taking those that have attained the retirement age out of employment, so as to make room for others that need the work, and thereby create more employment by getting rid of those who retire.

Mr. VINSON of Kentucky. Referring to the objection the gentleman had to the \$50,000,000 appropriation, I might say that that is for the first year. The second year, the Federal fund would be \$104,000,000, and in 1945, it goes to almost \$450,000,000.

Mr. SAUTHOFF. Yes, I understand that; I have read the report. Now, on page 14, in the exemption in subsection 7, I am somewhat concerned that the exemption of private industry plants might endanger the whole program. I say this because you can pass Federal legislation only on the grounds of interstate commerce or taxation, and such taxation must be uniform.

I want to refer to one thing more. On page 18, I want to ask this question. The 500,000 families now on relief will be eligible under this title, will they not?

Mr. VINSON of Kentucky. Yes.

Mr. SAUTHOFF. On page 20, line 20, you have one-third of the total amount expended. I am assuming, and I may be right or wrong—I am assuming that probably the original theory was that the Federal Government should supply one-third, the State one-third, and the county one-third. Was that the original idea?

Mr. VINSON of Kentucky. It may be done that way. In Wisconsin the average amount for each child would be \$10.13. This would permit the amount to be increased to \$15.13, with the Federal contribution of 50 percent paid by the State.

Mr. SAUTHOFF. Here again I have the feeling that the amount is inadequate. Eighteen dollars per month for a young mother with a minor child is utterly insufficient to

supply even the barest necessities of life, and I therefore feel that we should raise this amount to a sum sufficient to supply their needs, without forcing the young mother out of the home to earn enough to support herself and her baby.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. HULL].

Mr. HULL. Mr. Chairman, the Chairman of the Rules Committee warned yesterday that "there is going to be a day of reckoning for the people who are advocating this Townsend plan when our poor, distressed people wake up to the situation and find the snare and the delusion they have been drawn into."

At about the same hour a prominent official of the administration was testifying before a congressional committee, and in effect said that a law which fails of its purpose was worse than no law at all.

This so-called "security bill", if passed in its present form, will bring "the day of reckoning" to those who are playing fast and loose with the demand for old-age pensions. It will be another of the laws which so fail of their purpose that they are worse than no law at all. The bill covers unemployment insurance and other features which, if amended, may offer an excuse for its consideration. Its provisions as to old-age pensions are wholly insufficient, the appropriations are inadequate, and the results which will follow its enactment will be both insufficient and inadequate.

Regardless as to how people may differ as to the Townsend plan, or what may be their opinion of the original McGroarty bill, or of the new bill presented by Mr. McGroarty which greatly modifies and changes the plan of the original measure, it must be conceded that the millions of people who have organized the movement are sincere in their advocacy of the plan, both as to the relief for the aged and the business recovery which they believe their measure will bring about. Along with other old-age pension organizations, they have been influential in forcing the issue into national attention, which they would not have been able to do but for deplorable situations which surround six or eight millions of old people, who, after giving their best years to the development of their Nation as well as to that of their home communities, now are facing the poorhouses or various emergency relief agencies in order to keep body and soul together.

In answer to the demand of the millions who have petitioned Congress for this form of governmental aid, this bill is offered. It purports, among other things, to provide national aid to States for old-age pensions. In fact, it merely seeks to reduce the present emergency-relief allowances by the Government by taking the aged and unemployable from the regular relief rolls and placing them on a new relief roll, and taxes the States for one-half the cost. It will empty no poor houses, it will not lessen the burdens of municipalities whose depleted treasuries have been so drawn upon during the depression, it will offer no assistance to a multitude of old folks who have labored long and earnestly to provide for their own declining years but who now, through no fault of their own, are unable to carry on.

This bill provides \$49,750,000 for old-age benefits. It is expected that States will provide a like amount, bringing the total fund to \$99,500,000. Divided among all the six millions who have attained the age of 65 years, the amount to each would be \$16.58. Assuming that only one-fifth the number of people might desire to apply for old-age benefits the allowance would not exceed \$82.90 per annum. And that would be the amount which both State and National Governments would be required to furnish under this measure. The bill would limit the allowance to \$30 per month, but with the total appropriation at less than \$100,000,000, not one-fourth that sum could be paid each individual. The bill, therefore, seems to indicate that a much smaller sum will be allowable.

The total appropriations for national expenditures at this session of Congress will exceed \$9,000,000,000. There are still about \$2,000,000,000 available for expenditure from the appropriations of the preceding Congress. The appropriation

for work relief and business recovery is close to \$5,000,000,000. Still, when 6,000,000 of our good people ask for a reasonable but adequate old-age-pension law, their demand is met with the proposal that they may have \$49,755,000, and we are warned by the White House that the amount must not exceed that figure.

We are building a billion-dollar Navy. The profits which will go to the builders and those furnishing materials and munitions will be \$200,000,000 or more. From the Senate investigation of the profits of munition makers and armament manufacturers it is likely that more than 20 percent of the cost of the billion-dollar Navy will go to the making of more millionaires. This bill would give only the amount which will be expended on a couple of warships for old-age pensions.

It is estimated that half the \$4,000,000,000 about to be expended for work relief under the President's direction will go to the purchase of material for construction purposes. Under the provisions of the N. R. A. codes, there must be allowed a profit of at least 10 percent. Nobody believes that a mere \$200,000,000 will be all the profits which will go to the great corporations which will furnish the steel, cement, machinery, and other purchases made for the construction program. Profits are conspicuous features in Government work.

The House has just passed a river and harbor bill for \$162,000,000, which carries \$59,000,000 for the improvement of a couple of canals, nearly \$10,000,000 more than this bill provides for old-age benefits.

Recently a bill was rushed through the House adding \$38,500,000 to naval appropriations, which will be expended for new buildings, drydocks, and, among other things, for palatial homes of naval officers at various points. From the P. W. A. funds allocated to the Navy by the President last year, over \$119,000,000 are still available.

Under the relief program about \$700,000,000 will be spent upon 600,000 young men in the C. C. C. camps the coming year. However laudable may be that expenditure, the funds to be spent will be 12 times as great as the appropriation in this bill for those of the 6,000,000 of aged people, who have lived, worked, and paid taxes for a lifetime and now are in dire need.

These are only a few instances of what the huge appropriations of this Congress will include.

The best feature of the bill before us is that it may be amended, drastically amended, if Congress wakes up to the problem and votes in the amendments. The total appropriations should be increased manyfold. The entire fund should come from the Federal Government. The requirement for State contribution should be eliminated. The amount of old-age benefits should be sufficient for its much-needed purpose. A nation that can spend billions for war preparations can and should be able to care for the aged and infirm.

The demand for old-age pensions cannot be met by bluffs and gestures. This bill is hardly either in its present form. [Applause.]

Mr. THOM. Will the gentleman yield?

Mr. HULL. If I have time.

Mr. THOM. I call attention to the fact that under the law providing for the enlargement of the Navy the profits are limited to 10 percent.

Mr. HULL. In 1935 you had \$38,000,000 for auxiliary cruisers. How much profit was there?

Mr. THOM. The law restricts profits to 10 percent.

Mr. HULL. The law is one thing, but the administration of it is another when you come to naval appropriations.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from North Dakota [Mr. BURDICK].

Mr. BURDICK. Mr. Chairman and gentlemen of the Committee, if you will permit me to finish my statement, and then get me additional time, we will open the whole matter for a free-for-all as far as questions are concerned.

Mr. Chairman, I trust this Congress will not adjourn until it has passed a comprehensive and effective old-age-pension

law. There will be many plans before us, and the advocates of each will insist upon their method as the only method open to us. We need to have patience—we need to exercise a charitable attitude toward those who may disagree with the plan offered by someone else. Personally, I am an advocate of the McGroarty bill, known in this House as "H. R. 7154." In my judgment, the plan proposed in that bill is the best plan before the American people, and it was introduced in this House by one of the ablest men who ever was honored to sit in this Congress. Often I have heard some Member say, "This horrible, this visionary, this ill-considered Townsend bill." Members who are ignorant enough to say that, or make similar statements, are not to be censured but pitied. I trust I have sufficient training and experience in life as to prevent me from making any such rash statements concerning any bill intended for the relief of any class of our citizens. While an advocate of the so-called "McGroarty bill"—Townsend bill—I hope I have the good sense to keep an open mind throughout this debate and thus be in a position to exercise my best mental power to contribute my small part to the accomplishment of a long-delayed task—that of providing security for the aged of this country.

Just criticism of the bill before us is, no doubt, welcomed by the sponsors of the measure, but I hold that this criticism should be constructive and emanate from worthy motives, and not be brought forward in any spirit of ridicule or for the purpose of defeating the measure by methods that are unfair and unethical.

Personally, I feel the present bill will not give that security to the aged that we all hope for. My reasons are:

First. It seems to me we have appropriated enough under a system of selling interest-bearing Government bonds. The revenue to support the present bill provides for a general appropriation and will continue the same system of bond issue. We have now reached a point where the interest burden, public and private, is more than we can pay.

Second. The payments to old people, under this act, will be, prior to 1942, nothing more or less than a dole, and the recipients will still be objects of charity under a system that will permit only a bare existence.

Third. The present act is the most brazen attempt to submerge the sovereignty of State governments to the will of the General Government ever attempted in American history. Every State is compelled to pass laws such as will be approved by the board in control of payments under this act. Had any such attempt been made in 1861 to do the same thing this Government would not be known to the world today as the United States of America. Today we see the sovereign power of States disappearing entirely and the Federal Government reaching out in all directions to control the destiny of the American people. Why have any State legislature at all, if they must pass such laws as Congress and the executive branch of the Government shall direct? When will this tendency to overshadow State governments cease?

Fourth. The present act will not remove any of the aged from employment, for the payments under the act will not support the aged people now employed. This act will not create any new jobs for the unemployed, who are young and will work if they can secure work. This act will not remove the four million from relief, but will extend the same situation for years to come.

Fifth. This act creates another Federal bureau, with high-salaried administrators, who in all probability will be no more in sympathy with the needy than are the various directors and administrators of the multitude of Government set-ups handling relief today. It creates more Federal Government when we have enough as it is.

Sixth. This act will not place the purchasing power down in the grass roots, but will continue our present business policy of hand-to-mouth planning. It will not start the factories that are idle or bring a living price to those who produce raw materials. It will not restore business activity, but by bond issues will further increase the tax burden and further retard business.

WHAT THE M'GROARTY BILL WILL DO

First. It will lessen the crime wave, for the lack of opportunities and idleness, without legitimate incomes, is now known to be a major factor directly responsible for crime.

Second. It will stop the ever-increasing stream of unfortunates on their way to the insane asylums.

Third. It will close out every poorhouse in America.

Fourth. It will take 4,000,000 people over 60 off relief rolls.

Fifth. It will put 4,000,000 unemployed young people to work in the place of 4,000,000 old people now working.

Sixth. It will take 2,000,000 old people off private relief and ease the burden of their relatives who support them.

Seventh. It will start the buying power of the American people at the grass roots among the retailers, and from there back to the factories and producers. The demand for employment will increase. Factories will start, producers of raw materials will find a market for their products, the unemployed now on the outside of factories looking in for a job will have a job. The whole intricate business machinery of the Nation will start that has been paralyzed since 1920, and especially so in the East since 1929.

Eighth. To do this will cost the Government nothing.

Ninth. Relief will be in the hands of the aged and sympathetic instead of some hired and unsympathetic and scientific nuisance.

Tenth. It will drive out that fear of a fateful future which has weakened the minds of millions and has filled the poorhouses and the asylums.

Eleventh. It will be doing for our aged what this Government should have done in the very beginning of it.

Twelfth. Everyone seems willing to give their support to the conservation of our national resources, but we have forgotten the greatest resource of all—the fathers and mothers of this Nation. Our civilization and progress cannot be measured by our fields, our mines, our factories, our churches, our buildings; but it can be measured by the people who live here. Their condition in life should be the greatest concern of any system of conservation, and the condition of the aged and their treatment by the Government under which they have lived and which they have helped to build is the true test and standard of progress and civilization of this or any other Government.

Thirteenth. This act will not control the action of any State legislature, but leave the sovereign power of the States intact.

Fourteenth. This act will create no new bureaus or administrations, but will use the machinery which we now have.

Out of a class of 100 college graduates, graduating at age of 25, the amazing results are as follows at the age of 65: 3 are financially comfortable; 1 has become rich; 4 have accumulated partially enough to live on; 65 are day laborers or paupers or living on charity, public or private; 27 are dead.

It should be remembered that this group has had the advantage of special training, and therefore much more able to fight the battle for existence than those who have had no such advantage.

There are now four million 60 years or older on relief.

There are four million 60 years or over employed.

Those who are accepted for insurance, at 60, have a life expectancy of 15 years. This applies only to those accepted. Of all, at the age of 60, the life expectancy does not average over 6 years and 8 months.

There are approximately 10,000,000 of the age of 60 or over in the United States. There are, therefore, about 2,000,000 not employed and not on relief and probably supported by relatives. Their status is unknown.

The Townsend bill will put relief in the hands of our old people, with sympathy and understanding, instead of with administrations that are hired to do the work and who are cold-blooded and unsympathetic.

Our old people who have reached the age of 60 only have a life expectancy of a little less than 7 years, and after having worked nearly all their lives in building up our civiliza-

tion, shall we in the future do as we have done in the past—turn them out to die neglected? Remember that 65 out of every 100 at age of 65 are day laborers or wholly dependent upon charity, either public or private. We condemn the Eskimos for murdering their aged parents, but have we not done the same thing under the cloak of modern civilization? We are not as honest as the Eskimos.

We have authorized the President to use \$4,000,000,000 to create artificial jobs for the unemployed. These are forced jobs and when forced, much of such planning must necessarily be futile. Much of it will be unnecessary, and no matter if the work is planned to be of permanent value to the country, such forced work can never take the place of natural demand born by necessity. Many of the forced jobs will not spring from any necessity, arising from the natural development of our civilization, but will be born by that other necessity, temporary in character, immediate in demand, and without natural impulses, namely, the necessity of finding something for those to do who are out of work, out of relief funds, and in dire need of the necessities of life.

Turn half of this \$4,000,000,000 into an old-age annuity fund, to start the Townsend plan, and our unemployment problem will be settled. The fund will be augmented by receipts from transactions, and each transaction will leave along in its path new employment, springing from natural causes, not artificial, and the advances made by the Government in cash will be returned. Let the President spend the four billion on artificially created jobs, and the Government will never be repaid, and the work accomplished will be of most doubtful permanent value to the country. I cite this, not in the hope of preventing the expenditure of the four billion by the President, for that has now been authorized. I cite it to show those who condemn the Townsend plan as visionary have plenty of material in the \$4,000,000,000 work bill to keep their visionary tendencies under complete control.

If these old people on an average only have less than 7 years still to live, can we in this Congress justify ourselves in voting for a bill that shall take them off the public-dole system and put them right back on a pension dole? That is what the provisions of this administration bill means. Anyone knows that the payments provided for per month is not enough for any old person's maintenance under any standard of decency. They can exist on the dole, they can exist on less, but we are here today to break the chains that have bound us in the past to an ignorant, unhuman, and now unthinkable policy of dealing with the aged. We are here to give them what they should have had at the very beginning of this Government. Because of lack of vision the old have been sent to the poorhouses, to the asylums, and to their graves. We have missed the greatest human problem for which free governments are instituted.

We are here today to change the program—we are here not only to give the aged a new deal but new hope. We shall miserably fail in our duty should we be content with providing a fund for the aged that shall merely keep body and soul together.

With their few years yet to live, let us pass legislation that shall recognize their service to a great country. Let their remaining days—just a few days—be days of gladness, days of hope, days in which they can devote their time and declining energies, not in labor of the strong, but in acts of kindness to their friends, neighbors, and the community.

It seems that as the last few years have sped past, we have been so engrossed in the mad policy of making more money, more profits, collecting more interest, that we have forgotten how to live. Neighborly deeds immortalized by James Whitcomb Riley live only in the history of the past. The specter of want—something to eat, and a place to stay when we are old—has pursued our people relentlessly. It has produced in the minds of the old and in the minds of the young a constant and dreaded fear of the future. I personally cannot remember a time, since I was old enough to understand, but what that common dread, that specter of want has not pursued me. I can well remember when the song *Over the Hills to the Poor House* filled my eyes with

tears, even when I was confident that I had the power to fight and overcome this dragon of want.

This mental attitude has had a devastating effect upon the American people generally. It has weakened minds, it has weakened the aged in their fight for existence. It has filled the poor houses, it has over-filled the asylums. When the young witness the treatment of the aged, under our present system, they know that soon they will be next, and this mental disturbance has dangerously affected the American mind. Today, if we attack this problem correctly, we can drive out this fear, we can destroy this dragon, we can establish clear minds, we can think of our neighbor, we can bring happiness and joy to ten million of our aged and hope to the young, and relieve the mental strain on our entire population. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. FOCHT].

Mr. FOCHT. Mr. Chairman, I ask unanimous consent to extend my remarks and to include therein a short statement and a short bill in connection with that statement.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. FOCHT. Mr. Chairman, we have had whatever there may be of two sides to this question. As you all well know, that great philosopher, Tom Reed, who at one time presided over this House, said it mattered not how thin a pancake might be, there were still two sides to it. And there are therefore two sides to this question as a whole. Much has been said in compliment of the eminent gentleman from North Carolina [Mr. DOUGHTON], and I always have something to say in praise of him, the best I could say about any man, the fine courtesy he always exhibits to the Members, and the great patience shown here during his splendid explanation of the bill. Next we have the distinguished gentleman from Massachusetts [Mr. TREADWAY], saying why he is against the bill. I am inclined to think that many who may be against the bill are against that portion of it which seems to be very much involved. We can go back to that immortal decision of the great jurist John Marshall, and find the genesis of this proposition which we have here. It was when he wrote into a decision the thing that made America great and powerful, and which stands as the reason today for America being the greatest country in the world. I refer to the decision where he removed the barriers between the States, providing for the free flow of all commerce between the Commonwealths of the Nation. That is something that the European nations have been, to emphasize the matter, too dumb to understand, except in the time of Napoleon when he made an attempt and lost his throne for doing so. So let us separate these measures. Let each be free from hindrance of any other and be considered on its own merits.

When we come to the question of evolving something new, I am reminded that it is about 40 years now since we passed the Interstate Commerce Act, and yet not a day passes but you have arguments between the brightest minds of America before that Commission, and nothing seems settled about traffic or about freight rates. I heard read in the Senate by Senator Aldrich a report on the Federal Reserve question some 20 years ago, and I thought that was about right, but it is not now what it was then. It was understood at that time that if you had a piece of commercial paper you could have it discounted, and when you got tired of paying 6-percent interest upon it you could redeem that piece of paper. You can no more do that than fly. The only way that you can get any money now is to offer gold dollars and get your wife and all your relatives to endorse your paper and put up your farm, and then you may have some difficulty in getting it.

There is no such thing as perfection of human wisdom, and however great the men may be who framed this bill, however great you may be who discuss it here today, you will find in every State where there is an important State law, or where we have application of the Federal law, that after it gets through the committee and through the House and the Senate and the conference committee and the

Attorney General passes on it and the President signs it, and it gets down for real contact with the laws of Nature, that is where Nature unfolds the flaws. Hence, you do not have a perfect bill today. I would not be suspicious, I would not sound a note of that kind; I have too much respect for this House, and particularly its integrity, and I always challenge anyone who inveighs against this House and against its sincerity, much less its integrity.

But I have been in the legislative business so long that when I see such a righteous part of a bill relieving old women and men of the country, whose limbs are weakening under them and whose hands are palsied, connected up with an involvement of something else, I become suspicious. The same kind of a bill has been adopted by 28 States, for old-age pensions, and the reason they are not a howling success is that they do not have the money to put them into effect. The sentiment is there and the system is perfect enough. Yet you bring out a bill for old-age pensions, but hang something to it that makes me suspicious, as I say, for I learned long ago that there are more ways than one to kill a dog, and if that is what you are doing, then I ask you to shift your position, for it would be an outrage to imperil the old-age-pension bill. Can you not get through this old-age pension and save these people and let them dry their tears and take the burden from their souls without involving it with something else, even though there is virtue in that something? It will take you 20 years to work out to completeness this thing of guaranteeing the payment of wages, and we want old-age pensions now. Look how long it has taken in England, and yet see what a little thing it is. I am going to put this into the Record. Germany had compensation many years before we did, and after the British Parliament had worked at it from 1920 to 1925, this is what they have done. But if they can do that, it seems to me that we can solve this problem without involving it with old-age pensions. I am afraid that this thing may fall down on account of this involvement. Right in my own district we have the great Logan Iron Works and the Burnham Steel Works.

I have many personal friends who now, at a time when these institutions are silent, when no smoke curls from them and no flame is to be seen from them at night, who are receiving pensions from a fund accumulated over the years. When we go through the valleys at night there all is as silent as death. As the lady said here the other day, when you walk through one of those towns in New England where the mills have been shut down it is like going through a graveyard; and yet, as I say, notwithstanding that, I have friends up there who are receiving pensions from a fund accumulated over the years. That is the case in many institutions. To iron out the difficulty you will have as between employer and employee will take you some years. You have already passed here 20 major pieces of legislation. It took you 18 months to bring out any tariff bill that was ever brought before this House. It took 30 or 40 years to evolve the Interstate Commerce Act and 20 years for the Federal Reserve. It should have taken 2 years for every one of them, or 40 years, and you passed them all in 4 months, and you are bringing them all back to iron them out again. I hope the genius of direction and the understanding of legislation on the part of the gentlemen in charge of this bill will in some way separate that old-age-pension bill from the others; although I will take it all rather than see old-age pensions fail.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. FOCHT. Under the permission granted me to extend my remarks, I insert herewith the following bill and statement:

H. R. 7223

A bill to authorize the prompt deportation of habitual criminals and habitual aliens, to guard against the separation from their families of certain law-abiding aliens, to deport direct-action Communists, to relieve meritorious cases of deportation hardships, to further restrict immigration into the United States, and for other purposes

Be it enacted, etc., That an alien who entered the United States either from a foreign territory or an insular possession, either be-

fore or after the passage of this act, shall be promptly deported in the manner provided in sections 19 and 20 of the Immigration Act of February 5, 1917 (39 Stat. 889, 890; U. S. C., title 8, secs. 155, 156), as amended, regardless of when he entered, if he—

(1) At any time after entry is convicted of an offense, which may be punished by imprisonment for a term of 1 year or more, or of a crime involving moral turpitude, the said deportation to be made by the Secretary of Labor forthwith at the time he is released from confinement, or is placed upon probation, or is pardoned; or

(2) Has been convicted of two or more crimes, committed on separate occasions, each of which involved moral turpitude (even if the alien was not sentenced to imprisonment); or

(3) Knowingly possesses or carries any weapon which shoots or is designed to shoot, automatically or semiautomatically, more than one shot without manual reloading, by a single function or trigger; or

(4) Has been convicted of violation of a State narcotic law; or

(5) Knowingly encouraged, induced, assisted, abetted, or aided anyone to enter or try to enter the United States in violation of law; or

(6) Does not within 1 year after the enactment of this act, or if he enters thereafter does not within 1 year after entry, declare his intention to become a citizen of the United States and fails to become within the statutory 5-years' naturalization period a citizen of the United States: *Provided*, That this particular provision shall not apply to nonimmigrant aliens admitted temporarily under section 3 and to nonquota immigrant aliens admitted temporarily under section 4 of the Immigration Act of May 26, 1924, so long as the said nonimmigrant and nonquota immigrant aliens maintain the temporary admission status under which they were admitted; or

(7) Is a member of or affiliated with any organization which, or who believes in, advises, advocates, or teaches the overthrow by force or violence of the Government of the United States, or the duty, necessity, or propriety of the unlawful assaulting or killing of any officer or officers (either specific individuals or officers generally) of the Government of the United States or of any other organized government, because of his or their official character, of the unlawful damage, injury, or destruction of property, or sabotage, or a doctrine which advocates the overthrow by force or violence of governments, constituted authority, or social order, existing in countries not under the control of Communists or Fascists and the establishment in place thereof of a regime termed "proletarian dictatorship" or "National State Socialist" or "Totalitarian" State or a system based upon common ownership of property and abolition of private property, provided that the platform, program, or objectives of the Third Internationale, or the Fascist Grand Council, or National Socialist Labor Party, or Communist International shall be held to embrace the said doctrine.

SEC. 2. That from and after July 1, 1935, the quota in the case of any nationality for which a quota has been determined and proclaimed under the Immigration Act of 1924, as amended, shall be 20 percent of such quota, but the minimum quota of any nationality shall be 100. From and after July 1, 1935, no immigration visas shall be issued under subdivision (c) of section 4 of the Immigration Act of 1924 (U. S. C., title 8, sec. 204), but all the provisions of the immigration laws shall be applicable to immigrants born in any of the geographical areas specified in such subdivision as if each of such areas had at that time a quota equal to 20 percent (but not less than 100) of the number of nonquota immigration visas issued, during the fiscal year ending June 30, 1930, to immigrants born in such area: *Provided, however*, That reciprocal arrangements may be entered into by the Department of State and the Department of Labor with the Dominion of Canada, Newfoundland, and Mexico whereby as many immigrants born, respectively, in those foreign territories contiguous to continental United States are admitted to the United States annually as persons born in the United States are annually admitted into their respective countries. Section 6 of the Immigration Act of 1924 (43 Stat. 153), as amended (U. S. C., Supp. VI, title 8, sec. 206), is amended to read as follows:

"(A) Immigration visas as to quota immigrants shall be issued in each fiscal year as follows: (1) 75 per centum of each nationality for such year shall be made available in each year for the issuance of immigration visas to the following classes of immigrants: (a) Quota immigrants who are the fathers or the mothers or the husbands by marriage occurring after January 1, 1933, of citizens of the United States who are 21 years of age or over; and (b) quota immigrants who are unmarried children under 21 years of age, or the wives, or husbands, or the mother or the father, of alien residents of the United States who were lawfully admitted to the United States for permanent residence.

"(2) Any portion of the quota of each nationality for such year not required for the issuance of immigration visas to the classes specified in paragraph 1 shall be made available in such year for the issuance of immigration visas to other quota immigrants of such nationality.

"(B) The preference provided in paragraphs 1 and 2 of subdivision (a) shall, in the case of quota immigrants of any nationality, be given in the calendar month in which the right of preference is established, if the number of immigration visas which may be issued in any such month to quota immigrants of such nationality has not already been issued; otherwise in the next calendar month."

SEC. 3. Section 7 of an act entitled "An act to further amend the naturalization laws, and for other purposes", approved May

25, 1932 (47 Stat. 166, sec. 7; U. S. C., Supp. VII, title 8, sec. 181), conferring on the Secretary of Labor a discretion to readmit any departed alien is hereby repealed.

SEC. 4. The Secretary of Labor may suspend for not more than 1 year the order or warrant of deportation of any alien subject to deportation under section 19 of the Immigration Act of February 5, 1919 (39 Stat. 889; U. S. C., title 8, sec. 155), and section 14 of the Immigration Act of May 26, 1924 (43 Stat. 162; U. S. C., title 8, sec. 214), provided such alien is of good moral character, has been in the United States 10 years, or has an American citizen wife, husband, child, or aged dependent parent lawfully resident in the United States. As to such suspension, the Secretary of Labor shall, on the date December 31 next following, report to the Congress all the facts and reasons therefor, and all appeals, petitions, protests, and recommendations of every kind and description in connection therewith; and the said Secretary shall, at the end of 6 months after the submission of such report, unless the Congress shall by act or resolution otherwise direct, promptly execute such order or warrant of deportation. If Congress cancels or rescinds any such order or warrant of deportation, the Commissioner of Immigration and Naturalization may accept any head tax therefor due and unpaid, may amend nunc pro tunc the entry record of the alien affected thereby so as to establish lawful entry for permanent residence, and may issue upon receipt of the fee required by law a certificate of arrival.

SEC. 5. Section 1 (a) (1) of the act of March 2, 1929, entitled "An act to supplement the naturalization laws, and for other purposes" (45 Stat. 512, ch. 536), which now reads: "(1) Entered the United States prior to June 3, 1921", is hereby amended, effective as of the date of this act as enacted, so as to read as follows: "(1) Entered the United States prior to July 1, 1924."

SEC. 6. The first sentence in section 21 of the Immigration Act of February 5, 1917 (39 Stat. 889; U. S. C., title 8, sec. 157), is hereby amended, effective as of the date of this act is enacted, so as to read as follows:

"SEC. 21. That any arriving alien, already having an immigration visa in accordance with the provisions of the Immigration Act of 1924 (43 Stat. 153), as amended, liable to be excluded because likely to become a public charge or because of physical disability other than tuberculosis in any form or a loathsome or dangerous contagious disease may, if otherwise admissible, nevertheless be admitted upon the giving of a suitable and proper bond or undertaking, approved by said Secretary, in such amount and containing such conditions as the said Secretary may prescribe, to the United States and to all States, Territories, counties, towns, municipalities, and districts thereof, holding the United States and all States, Territories, counties, towns, municipalities, and districts thereof harmless against such alien becoming a public charge."

SEC. 7. The Secretary of Labor may specifically designate persons holding supervisory positions in the Immigration and Naturalization Service to issue warrants for the arrest of aliens believed to be subject to deportation under this or any other statute: *Provided*, That no person shall act under a warrant issued by himself.

SEC. 8. Any employee of the Immigration and Naturalization Service shall have power to detain for investigation any alien who he has reason to believe is subject to deportation under this or any other act. Any alien so detained shall be immediately brought before an immigrant inspector designated for that purpose by the Secretary of Labor and shall not be held in custody for more than 24 hours thereafter unless prior to the expiration of that time a warrant for his arrest is issued.

SEC. 9. The Commissioner of Immigration and Naturalization, with the approval of the Secretary of Labor, shall prescribe rules and regulations for the enforcement of the provisions of this act.

SEC. 10. The foregoing provisions of this act, with the exception of parts of sections 2 and 3 and all of section 6, are in addition to and not in substitution for the provisions of the immigration laws, including section 19 of the Immigration Act of February 5, 1917 (39 Stat. 889; U. S. C., title 8, sec. 155), and shall be enforced as part of such laws.

SEC. 11. Clause (B) of paragraph (1) of subsection (a) of section 6 of the Immigration Act of 1924 (43 Stat. 155), as amended (U. S. C., title 8, sec. 206 (a)), which grants to quota immigrants skilled in agriculture, their wives, and their dependent children under the age of 18 years, a preference within the quota, is repealed.

STATEMENT BY HON. BENJAMIN K. FOCHT, OF PENNSYLVANIA
(APR. 3, 1935)

After listening to the subversive testimony today before the House Committee on Immigration of which I am a member and realizing more than ever the need of additional immigration and alien-deportation legislation as well as its better enforcement and more efficient administration, I decided to revise and introduce a comprehensive bill along the lines of bills I have advocated for years and several bills now pending before the committee.

The bill I introduced goes farther than any other restriction and deportation bill by reducing existing quotas 80 percent, thus allowing 53,882 immigrant aliens to enter, the bulk of whom must be aged or near dependent relative of citizens or persons who have declared their intention to become citizens and who are legally and lawfully in our country. My bill will not only reduce existing European quotas 80 percent but will apply the quota-restriction system to countries of this hemisphere, to which existing quota-restriction laws leave our side and back doors wide open, and from which we have been getting thousands of aliens annually in spite of the administrative efforts of our foreign con-

suls and the Department of State in refusing visas to aliens they think might become public charges—an administrative restriction ordered by President Hoover and that ought to be put on the more permanent and American basis of definite law instead of the personal discretion of some administrative officer.

I left 20 percent of existing quotas for the humane reason of and have reserved the quotas largely for aged parents, husbands, minor children and other family relatives of persons already here lawfully and legally and who have either become citizens or declared their intention to become citizens. Another humane exception my bill makes is with reference to aliens who came in between June 3, 1921, and July 1, 1924, during which perfect alien entry records are said not to have been kept or were possible. It is an exception urged by the American Federation of Labor and experts, and one that ought to do away with all reasonable objections to this needed legislation.

I feel very strongly that the Secretary of Labor has entirely too much discretion and is subjected to entirely too much pressure as a result of it by foreign blocs and certain selfish and certain internationalistic interests and influences. Last year under a discretion tucked in a naturalization law (May 25, 1932) that was never considered by the House except in a conference report, the Secretary readmitted reds like Emma Goldman to "lecture" and go about the country preaching anarchy. Not only was Emma Goldman, who had been deported with several hundred other anarchists in 1919, but other advocates of the overthrow of our Government by force and violence like John Strachey, Willie Musenberg, Henri Barbusse, and the like were admitted. My bill would repeal that discretion and revive the law making deported aliens inadmissible.

Not only would my bill close up such discretionary loopholes but it contains word for word the bill the hearing was held on today, and would redeclare and tighten existing law making membership in organizations and political parties connected with the Third Internationale and seeking to overthrow our Government by force and violence a deportable offense. We have enough radicals of our own and enough unemployed and enough of our own dependents and even criminals and first general criminals without admitting another alien anarchist, pauper, or criminal; and the bill I have introduced would exclude and deport them, if enacted and properly enforced, and would also require habitual aliens here to get naturalized within the 5-year statutory period or get out. This provision of the bill would reach the several millions of aliens said to be here illegally and unlawfully because unless they are here lawfully they cannot get the necessary certificate of legal entry for naturalization.

The last census revealed over 14,000,000 foreign-born, over 6,000,000 aliens, and over 40,000,000 foreign-stock population, the largest in our whole history. No other country has any such liberal immigration laws. Each country should care for its own. Charity and unemployment should begin at home. Deportation is not imprisonment but the return of an alien to his or her homeland, where the chances are the alien has a better refuge and can get along better than here. Last year there was a 50-percent increase in alien stowaways and deserting alien seamen, a 50-percent increase in quota immigration, a 53-percent decrease in alien deportations, and every indication that the immigration tide has turned inward 163,904 aliens, an increase of nearly 10 percent over the previous year, having entered legally, and doubtless more than that illegally and surreptitiously under the existing relaxed administration of the law that is openly charged, and that the terrific drop in deportations and increases in alien stowaways, deserting alien seamen, and the like show. With over 12,000,000 unemployed and over 20,000,000 on relief, and with aliens leading strikes and the cause of riots like that last week in Harlem, New York City, and with our charities taxed to their very limit, it is time to think first of our own and tighten up the immigration-restriction and alien-deportation laws and bring about better and more efficient law enforcement.

Widows, orphans, and old-age pensions: Provision is made in the Widows', Orphans', and Old-Age Contributory Pension Acts of 1925 and 1929 for a contributory pensions scheme under which pensions are provided for widows, children, and elderly persons. This scheme is interlocked with the national health-insurance scheme, and, in general, an inclusive weekly insurance contribution is payable for both services together. Subject to certain conditions, the following pensions are payable, free from any restriction as to means: Widows, pensions of 10s. a week to the widows of insured men, together with allowances for children at 5s. a week for the eldest and 3s. for younger children. The children's allowances continue payable up to age 14 (or so long as school instruction continues but not beyond 31st of July following the sixteenth birthday). On remarriage, the widow's pension of 10s. ceases, but children's allowances continue. The widow of a man who died or reached the age of 70 before the scheme began on January 4, 1926, but who could have been insured for pensions purposes had the acts been in operation earlier may receive a similar pension when she reaches the age of 55. Orphans' pensions are 7s. 6d. a week, the period of the continuance being the same as for children's allowances. Contributory old-age pensions of 10s. a week at age 65 for insured persons, including wives of insured men who have themselves qualified.

Widows and contributory old-age pensions normally continue to age 70 and are then replaced by pensions under the Old-Age Pensions Acts, 1908 to 1924, free from the means and other restrictions which those acts impose.

The normal weekly contribution for national health and pensions insurance is 1s. 6d. for men and 1s. 1d. for women, of which

9d. and 6d., respectively, may ordinarily be recovered from the worker. In the case of workers aged over 65, contributions of 9d. (men) and 7d. (women) are paid by the employer only.

The total amount paid in Great Britain in respect of widows' and orphans' pensions for the year ending March 31, 1933, was approximately £21,800,000; the beneficiaries were 652,000 widows and 310,000 children (including orphans). The total number and cost of pensions paid under the contributory old-age pensions scheme (persons between ages 65 and 70) for the year ending March 31, 1933, was 648,000 (£17,767,000).

Unemployment insurance: This is administered by the Ministry of Labor, through the employment exchanges, trade unions, and by certain associations of employed persons. There are also special schemes in operation for the banking and insurance industries. The scheme is compulsory in its operation, and with the main exceptions of domestic servants in private service and persons employed in agriculture, substantially all persons covered by the health-insurance scheme are required to be insured against unemployment. The minimum insurable age is 16 years. Certain employees of Government departments, public or local authorities, railways and public-utility undertakings, and persons with rights under statutory superannuation schemes may also be exempted by their employers under certificates granted to the employers in cases where the Minister of Labor is satisfied that the employment is permanent in character, that the employees have completed 3 years' continuous service in that employment, and that the other circumstances of the employment are such as to make it necessary that they should be insured under the unemployment-insurance acts. A certificate of exemption, relieving him from liability to pay the employed person's share of the contributions, may be claimed by an employee who can prove that he is (a) in receipt of a pension or income of not less than £26 a year, or (b) ordinarily and mainly dependent upon some other person, or (c) ordinarily and mainly dependent on his earnings from an un-insurable occupation, or (d) employed in a seasonal occupation which does not ordinarily last for more than 18 weeks in any year and not ordinarily employed in any other insurable employment. The rates of weekly contributions are as follows: (a) Contributions at ordinary rates, man (aged 21 but under 65), from employer 10d., from employee 10d.; woman (over 21 but under 65), from employer 9d., from employee 9d.; young man (aged 18 but under 21), from employer 9d., from employee 9d.; young woman (aged 18 but under 21), from employer 8d., from employee 8d.; boy (aged 16 but under 18), from employer 5d., from employee 5d.; girl (aged 16 but under 18), from employer 4½d., from employee 4½d. (b) In the case of an exempt person, the employer's share only of a contribution is payable. No part of this contribution can be recovered from the exempt person. (c) Contributions in respect of persons of the age of 65 and over are payable by employers only, at the following rates: Man 10d., woman 9d. The ordinary State contribution is a sum equivalent to one-half of the joint contributions of employers and employed persons. Under the unemployment-insurance (national economy) order, 1931, the standard rates of benefit payable as from week commencing October 12, 1931, are: Men (aged 21 and under 65), 15s. 3d.; women (aged 21 and under 65), 13s. 6d.; young men (aged 18 and under 21), 12s. 6d.; young woman (aged 18 and under 21), 10s. 9d.; boys (aged 17 and under 18), 8s.; girls (aged 17 and under 18), 6s. 9d.; boys (aged 16 and under 17), 5s. 6d.; girls (aged 16 and under 17), 4s. 6d. Additional benefits at the rate of 8s. a week in respect of an adult dependent and 2s. a week in respect of each dependent child are payable in respect of certain classes of dependents. Under the unemployment-insurance (national economy) (no. 2) order, 1931, payment of benefit is limited to 156 days in a benefit year. Under the same order a scheme of transitional payments replaced the transitional benefit scheme. These payments are made only on proof of need, and the amount is determined by the public assistance authorities with the appropriate benefit rate as a maximum limit. The whole cost (including the cost of administration) is borne by the Exchequer as in the case of transitional benefit after April 1, 1929. Approximate particulars of receipts and payments for the financial year 1933-34 are as follows: Contributions, employers and employees, £39,670,000; Exchequer (equal thirds), £19,800,000; total receipts, £59,470,000. Insurance benefit, direct, £38,250,000; indirect, £2,040,000; administration, £3,800,000; interest, £5,270,000; miscellaneous (refunds, grants toward approved courses of instruction, etc.), £210,000; total payments, £49,570,000. Transitional payments and cost of administration (the total is repaid in full to the fund by the Exchequer, and is not included in the insurance account above) amounted to £52,250,000.

War pensions: The number of war pensions or allowances in payment as at March 31, 1933, was 1,107,000 approximately, and the estimated expenditure of the Ministry of Pensions for 1933-34 was £45,200,800, and the estimated expenditure for 1934-35 is £43,100,000 (inclusive of administration expenses).

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri [Mr. Wood].

Mr. WOOD. Mr. Chairman, I am glad this Government has finally decided to consider seriously the great social-security questions now involved in this bill. The questions of old-age pensions and out-of-work insurance have been given more earnest consideration at this session of Congress than at all the sessions of Congress since the Constitution of the United States was adopted.

I realize that in the consideration of initial legislation or new legislation there are two very divergent views, especially so when you are considering legislation with reference to social security. There are those who are ultraconservative. Then there are others who are very extreme. Always between those two extremes, legislation takes the middle course and reaches fruition.

I realize there are a great many imperfections in this bill. I do not expect it to be perfect, but I do know there are a great many questions of national importance, embracing almost every phase of social legislation in this bill. In addition to old-age pensions and unemployment insurance we have a provision providing for dependent children, infant and maternal welfare, welfare service for children, vocational rehabilitation, care of crippled children, Federal Public Health Service. All of those are very vital questions which are embodied in this legislation.

Now, with reference to unemployment insurance: The wage earners, those who could act in unison, have been carrying on an incessant struggle for the enactment of unemployment-insurance legislation. For 10 or 12 years the American Federation of Labor exerted its efforts for the enactment of a Federal employees' retirement act. That law provides, as you know, for 3 percent of the earnings of the Federal employees to be checked off and become a part of the fund. The railroad employees have been attempting to build up some sort of a retirement fund. We enacted in the last session the railroad-retirement law and, as you all know, that is now before the Supreme Court. The State of Missouri, my State, has just enacted an old-age-pension law. The house and senate have passed the law but the Governor has not yet signed it. That provides a maximum of \$30 a month. If this bill is enacted, that will make it possible for some old folks to secure a maximum of \$45 a month. In any case they will receive at least \$25 a month, although they draw the minimum as provided in the Missouri law. Now, if this bill is passed it will not directly affect men between the ages of 45 and 65, but by the enactment of the Railroad Men's Retirement Act, if it should go into effect, it is estimated that in the first year it will take out of service approximately 250,000 railroad men, placing them on a pension or annuity. That would naturally make openings for 250,000 younger men. In the railway-train service there are very few men now working for a railroad who have less than 30 years' seniority. Many of them are over 45 years of age; so that 250,000 young men will be placed in the service. I say that will have the effect of creating employment.

What I am interested in especially is the establishment of the principle. To my mind, this is the most far-reaching piece of legislation and is the most constructive and most humane proposal that this Congress has considered, or any other Congress has considered, for many years past. It is establishing that great principle of caring for our old folks, for the aged and the needy, caring for the children, crippled children, caring for the unfortunate mothers in maternity welfare. There are so many angles to this bill, and it reaches down into so many phases of social security that I think it is the most humane and constructive piece of legislation that we have ever considered.

Mr. DUNN of Pennsylvania. Will the gentleman yield?

Mr. WOOD. I yield.

Mr. DUNN of Pennsylvania. The gentleman is president of the State federation in the State of Missouri, is he not?

Mr. WOOD. Yes. It was not necessary to mention that, however.

Mr. DUNN of Pennsylvania. But I wanted to make a point.

Mr. WOOD. The gentleman has asked me that two or three times. I tell the gentleman again that I am. Every time I have spoken the gentleman asked me that. I hope he finds out some day that I am.

Mr. DUNN of Pennsylvania. You are then affiliated with the American Federation of Labor?

Mr. WOOD. Oh, yes. I have told the gentleman that, too.

Mr. DUNN of Pennsylvania. All right. Now, this is the point I want to make.

Mr. WOOD. Now the gentleman is taking up my time.

Mr. DUNN of Pennsylvania. No. This is on the question of labor. I was informed when this bill was first introduced that the American Federation of Labor was against it. Now I have been informed they are for it.

Mr. WOOD. I do not know who the gentleman's informers were, but they misinformed the gentleman.

Mr. DUNN of Pennsylvania. Has the American Federation of Labor endorsed this bill in its present form?

Mr. WOOD. I do not know whether they have in its present form. They endorsed the original bill. They endorse the principle.

Mr. DUNN of Pennsylvania. Then they are not opposed to this bill?

Mr. WOOD. Even if the American Federation of Labor or the Manufacturers Association or any other association have or have not endorsed it, I am for this bill, because I believe it is right. [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from Mississippi [Mr. FORD].

Mr. FORD of Mississippi. Mr. Chairman, I am sorry that in an age of advanced civilization the United States has come thus far along the road of national development without establishing a plan and furnishing funds for taking care of the old people of our country.

England, Germany, France, Belgium, Australia, and Canada have excellent old-age-pension systems. The United States stands alone with China, of the major countries of the world, in its failure to provide for the aged people of the Nation. A total of 42 foreign countries now have old-age pensions and they have found it to be more economical than an almshouse system with all its congregation of misery. Denmark, a little country with only 5,000,000 people, pensions all its citizens over 50 years of age who have no means of support. With the economic advantage in mind it would appear that all would favor a well-established system of old-age pensions, even if they refuse to recognize the existing moral obligation.

I want to tell you that providing for those who have spent a lifetime of honest toil is not charity from the Government. I resent that sort of an interpretation being placed by some on this matter. It is a duty of humane civilized government to care for those citizens who have spent a lifetime in promoting their country by being good citizens. I can easily see where the path of duty lies on the matter of old-age-pension legislation and I regret that there is any opposition to the passage of a bill that will guarantee our aged citizens relief from the mental and physical torture of poverty in old age.

There is no justification whatsoever for a great, powerful, wealthy country like America leaving its aged people to shift for themselves while suffering the impediments of old age. After a life spent in rearing a family, paying taxes, and assisting in generally maintaining the country they are left to gaze toward the sunset of life with the ghastly figure of economic uncertainty appearing on all sides. There are no steps taken to help them combat the strenuous battle of life. My friends, everyone knows that the majority of our old people are not responsible for being unemployed or without funds. The inescapable disabilities of age prevent work. A bank failure, a bad investment, or a false friend may have swept away the savings of a lifetime. All their lives have been spent in a battle against a stubborn, adverse economical system.

Mr. Chairman, with this in mind I cannot agree that the several States should be required to match dollar for dollar with any funds furnished by the Federal Government for payment of old-age-pension benefits. Many States are absolutely unable to furnish any funds at all for this purpose, thus preventing any aged, needy citizens from receiving help in those States while citizens of other States are being granted assistance. It is my contention that the Federal Government should set a definite sum per person to be

granted each State for all persons in that State above a certain age. If the State is able to furnish additional funds it should be allowed to do so. If the Federal Government agrees to furnish a certain sum per month for every person over a certain age, then let it furnish that sum, without requiring that the State furnish an equal sum per person. I can name a number of States which will not be able to furnish any additional sums to match Federal assistance. I ask you if it is fair for the citizens of those States to be barred from the same relief that is going to other States because the other States happen to be richer. The richer States need it the least, and under the provisions of this bill they will receive it the most easily, while the States really in need will have no relief at all. I most earnestly ask you to amend this bill so as to see that all American citizens receive equal benefits, benefits to which you know they are entitled.

Mr. Chairman, I want to remind you of that clause in the Democratic platform of 1932 which said, "We advocate continuous responsibility of the Government for human welfare * * *."

I ask the Democratic Members, who are in such vast majority here, to discharge their obligations as Congressmen, as well as fulfill the obligations of the party. That means that we should all vote for an old-age-pension law that will bring some adequate relief to the aged citizens of our country, for they are entitled to a law that will bring relief without discrimination between the rich and poor States.

Mr. WOOD. Mr. Chairman, will the gentleman yield?

Mr. FORD of Mississippi. I yield to the gentleman from Missouri.

Mr. WOOD. Would the gentleman consider the 28 States which have passed old-age-pension laws as the richer States?

Mr. FORD of Mississippi. I do not think I would consider all of the 28 States as the richer States of the Union; but I call the attention of the gentleman to the fact that if he will check up on the legislation that has been passed by the 28 States which he refers to he will find a mere handful of people receiving pensions under the State law. I had hoped that we might enact a law that would provide a uniform system of benefits to the old citizens of our country who are unable to work or financially care for themselves. If, however, certain States cannot meet the requirements of the act now under consideration because of financial inability to do so, the aged people of those States, just as deserving as the aged in the rich States that can comply with the requirements, will not be able to share the benefits proposed by the legislation.

Mr. HOUSTON. Will the gentleman yield?

Mr. FORD of Mississippi. I yield to the gentleman from Kansas.

Mr. HOUSTON. Does not the gentleman know that at the present time over 50 percent of the Federal taxes are collected from six States?

Mr. FORD of Mississippi. That may be true, but does not the gentleman also know that most of the wealth that is now in those particular six States came from the people in the poor States and that it is now in the hands of the very few in this country? If the poor States have produced the wealth and we are trying to reach a better social position in this country, we cannot help the old people of one part without helping the old people of another part. Why should not the rich States be willing to say, "Yes; we will help the aged people in the poor States and put them on the same basis as those who live in the richer States"?

Mr. HOUSTON. Is this a share-the-wealth campaign?

Mr. FORD of Mississippi. The gentleman might term it that if he desires. I am trying to reach all of the people of the country. If we help a selected few in some of our States and do not reach out and get those in the poor States, we might as well throw this piece of legislation into the wastebasket for the good it will do the people as a whole. We cannot help a few people in the country and fail to help those who cannot help themselves. If we are going to act

as legislators in Congress, we have to think about the country as a whole. [Applause.]

[Here the gavel fell.]

Mr. JENKINS of Ohio. Mr. Chairman, I yield 1 minute to the gentlewoman from Massachusetts [Mrs. ROGERS].

Mrs. ROGERS of Massachusetts. Mr. Chairman, I am going to devote my time to speaking on title IX of the social-security bill, which refers to unemployment compensation. The committee report in title IX states in part:

The failure of the States to enact unemployment-insurance laws is due largely to the fact that to do so would handicap their industries in competition with the industries of other States. The States have been unwilling to place this extra financial burden upon their industries. A uniform, Nation-wide tax upon industry, thus removing this principal obstacle in the way of unemployment insurance, is necessary before the States can go ahead. Such a tax should make it possible for the States to enact this socially desirable legislation.

This is one of the purposes of title IX of this bill. In this title a tax is imposed upon employees throughout the country against which a credit is allowed of up to 90 percent of the tax for contributions made by employees to unemployment compensation funds established pursuant to State law.

That this tax is imposed on employees is indicative of the conviction that employers should bear at least a part of the cost of unemployment compensation, just as they bear the cost of workmen's compensation. Each State is, of course, free to assess not only employers but employees; and in this connection it may be noted that in European countries, and under the law recently passed by the State of Washington, employees are required to contribute.

The amount of benefits payable for unemployment from contributions amounting to 3 percent of pay roll would vary from State to State. The maximum period for which benefits may be paid depends not only upon the rate of unemployment, but also upon the percentage of wages paid as benefits, the length of the required waiting period, the ratio of weeks of employment to weeks of benefits, and other provisions. The scale of benefits which States will be able to pay from a 3-percent rate of contributions on pay rolls will carry the great majority of unemployed workers through normal years until they are able to secure employment again. While the Federal tax is limited to 3 percent (1 percent in 1936 and 2 percent in 1937), some States will probably increase the benefits payable by requiring also contributions from the employees or the State government. Under a reasonable scale of benefits, reserves would accumulate in normal years to carry the fund through minor depressions or the first years of a major depression.

I want to bring to the attention of the House the enormous importance of keeping our industries running in order that wages may be paid. Again I wish to bring to the attention of the House the fact that ruin is certain if something is not done to save the great cotton-textile industry. The people of the country ought to realize also that no one on relief will receive a particle of benefit from this title. It is of great importance that the wheels of industry be kept turning and wages paid.

Tuesday President Roosevelt is reported to have said to the press that the processing tax is vital to the farmers. I speak not for the cotton farmers alone. I speak not for the mill owners alone. I speak for the 440,000 mill workers and for the 9,000,000 workers who earn their livelihood from raw cotton. I speak for the people of the entire United States—for every individual in every city, town, and hamlet in the United States is affected. It is vital to them that the burden of the processing tax be lifted. I took my demands to President Roosevelt this morning. He has not yet acted to save the cotton-textile industry, but I believe he will. The industry is in direst need; it cannot carry on without relief of some kind. I am vitally concerned with the interests of our people and will fight with every ounce of energy I possess to maintain and protect a basic industry which under normal conditions affords the opportunity for thousands of people to work and earn their living. I appeal to you to fight shoulder to shoulder with me—to demand of those who have the power to use it. President Roosevelt has full authority to save the situation. He must do it. We have a right to demand that. It is only through work that a nation can survive. If the sources of employment are allowed to disintegrate and disappear the very existence of the Nation is threatened. For our American people to be forced into unemployment by difficulties which can be corrected or forced into other channels of work, if such could

be found, for which they are not trained and cannot successfully perform, is not only gross but willful inefficiency, the responsibility for which should be definitely placed. A nation cannot afford to be inefficient, especially during a period of depression.

When your home and family are in danger you fight, even though the odds against you may be overpowering. With your back to the wall you grasp at every advantage and every aid. That is exactly how the cotton workers feel today. They are desperate. They are on the verge of hysteria with the tragedy of it all. They appeal to the Nation for the right to exist, the right to earn a normal living and enjoy the privileges to which every American is entitled. While their battle is an economic one, it is just as serious a war as any yet fought, and its effects quite as far-reaching.

During these days of tremendous economic readjustments we cannot assume a set of economic premises and rationally deduce conclusions helpful to the solution of our problem. We are living in a practical, rapidly changing world—not a world of assumed conditions. We must face the issues of our problems as they actually exist and try to reach a conclusion as judicial as possible for all concerned in view of those conditions. The textile industry is one of the oldest basic fundamental industries in America. The first cotton mill was established in Rhode Island in 1790. The industry has had and still has a tremendous influence on the development and industrial life of our Nation. There are thousands of our people who are dependent upon the industry. They need the industry. They are anxious to earn their incomes.

Two important factors contribute to the cause of this blight which has fallen upon one of America's greatest industries—the cotton-textile industry—one the processing tax and the other the destructive competition from Japan.

Many of my listeners are familiar with conditions in a mill town when work is plentiful. We of New England have known the happiness and contentment of steady work and wages. For the last few years, however, we have seen the cotton-textile industry steadily decline. We have seen factory after factory move away to establish elsewhere, to take advantage of wage differentials or economic conditions. We have protested and urged that the differentials be adjusted equitably. But that is not what is worrying us now. It is something bigger, more devastating; something that does not affect New England alone, but every part of the United States.

It is not difficult to visualize the vast number of people affected by the alarming conditions in this industry. Its ramifications reach into every home in the land. The cotton farmer of the South, the small-town merchant of the West, the exporter at the gateways of commerce, all are dependent upon the well-being of this tremendous business. If it fails, they fall.

Conditions in the industry are alarming. It is dying a slow death. In my section of the country there is no necessity for calling attention to it. It is only too evident. But you who are sitting before your radios in other parts of the land, to whom the textile industry means nothing until you notice perhaps that the price of your favorite brand of cotton sheeting or print goods has advanced to a noticeable degree—it is you I want to reach. As you know, the Government has placed a levy called a "processing tax" upon the manufacturers of cotton goods, the money so collected to be used in paying the cotton farmers for reducing their acreage and so limit their crops. From August 1933, when the tax was first levied, to December 1934, these taxes amounted to the tremendous sum of almost \$200,000,000. The effect of this burden has been a substantial increase in the cost of cotton. In some instances this increase has resulted in sales resistance and the substitution of other fabrics by the buying public. How heavy a burden it is can be appreciated when I tell you that the levy amounts to approximately one-half of the amount the industry pays in wages. The ultimate payment of this money falls with the greatest burden upon the poorer people. In its operation the cost of the actual amount of the tax

per yard is far heavier in the cost of heavy goods purchased by the workingman than in the finer semiluxury goods. You know how many of the working people must wear cotton clothing, must buy cotton sheeting and cotton pillowslips and towels. It is working a tremendous hardship upon them. It seems as if they must always pay the price. But these people cannot afford to pay more, with the result that the tax remains with the manufacturer.

To add to the troubles and worries caused by this processing tax comes another factor which must be faced and faced immediately. Japan, with its low-priced labor, home workshops and thousands of hand looms, has set out to capture the textile market of the world. Practically all of her larger cotton mills are equipped with automatic-weaving machinery far superior in speed to ours and operated by trained girls who think nothing of tending from 30 to 40 of these looms for as little as 20 to 25 cents a day. Japan can import American raw cotton, transform it into cloth, export it back to America, and sell it for less than the American manufacturer can make cloth. How can Japan do this? Because of thousands of these little Japanese girls, content with their 25 cents a day, living on rice, in surroundings no American laborer would tolerate, regimented into an army of workers to battle against our textile employees who rightfully enjoy the comforts and privileges of a decent existence. It is a battle of human bondage against normal existence, and thus far human bondage seems to be winning. Is it not absurd to allow us to be beaten by an army of little Japanese girls?

The result of this competition is obvious. Our exports of cotton-finished goods have dropped to almost nothing. Central and South America, which bought thousands of bales of cotton cloth each year, are now flooded with Japanese textiles landed at a price which approximates our cost of manufacture. If it stopped there we might survive. But the importations of Japanese textiles into the United States for the first 2 months of 1935 surpassed the importations for the entire year of 1934 by several millions of yards, and it is increasing month by month.

This loss of trade, this cessation of orders, has dramatically called the attention of the entire country to one of the basic reasons for our inability to compete. As the boa constrictor tightens its coils about its victim, squeezing and pressing until the lifeblood ceases to flow, so has the processing tax sapped and squeezed the operations of our cotton mills until one by one they are dying from lack of orders and from inability to function profitably.

Picture if you can a mill city, where block after block of mills line the streets, employing thousands of workers. I wish you could see the bustle, the life, and activity when one of these immense factories lets its workers out at the end of the day. A veritable army of men, women, and girls surges forth to scatter to their homes, to their diversions, or to trade in the stores. Happy, contented, tired, with the satisfaction that comes of a hard day's work well done.

Picture again that same city with its mills closed, its people idle, its looms still and silent. It is like a city of the dead. The thousands of windows of the mills look down upon streets devoid of activity; about the gates stand loiterers wistfully hopeful that news may be gleaned of the watchman of an early reopening. Even the children playing about the yards have caught the slowing tempo of dejection and despair. It sounds funereal, but I assure you that it is more permanent, more devastating. You see it in the faces of all the people, in their mannerisms, and their activities. Nothing disrupts family ties so much as uncertainty of income. The life of the community is changed entirely. Hardly a business but that is affected materially. Do we want our cities to become cities of the dead? That is what is happening today. But they can be saved.

In this country we have in the neighborhood of 440,000 textile workers. Their yearly wages approximate \$300,000,000. These figures were given me by a Government department and are conservative rather than excessive. I quote them simply to show you the magnitude of the business which is facing certain ruin under present conditions.

The textile industry as a whole, and of which the cotton-textile group is an important part, is America's largest and most important business, employing a million and a half people.

Our export market for raw cotton, as you know, has gone the way of the finished goods. Japan was our last heavy customer, and now they are looking to fill their needs with Brazilian cotton, far cheaper than ours, but said to be equally good. The Soviet Government expects to export a million bales more cotton this year than last. Already the American price is so much higher that it is actually found profitable to bring back from Japan raw cotton stored there for sale. Of what avail will be the millions of dollars now going to the southern cotton planters if they have no market for their raw cotton at home or abroad? This Government at present has 6,000,000 bales in storage. Think of the effect upon the cotton pickers and their families. Distressing as conditions were when cotton dropped to 5 or 6 cents a pound, the present outlook appears worse. The workers of the South, depending upon the united labors of their families during cotton-picking time, in order to carry them on during the year, are the ones who will be affected most.

We all ask, "What is the remedy? What can we do to save this industry?" There are several methods of relief. The President of the United States has the power, given him by Congress, to place an embargo or quota upon the importation of these goods. He has the power to adjust the tariff. He also has the power to lift the burden of the processing tax and save the industry. Another avenue of escape from destruction and tragedy is contained in the amendment to the work-relief bill, introduced by the Senator from Georgia [Mr. GEORGE]. This amendment authorized the President to use the money at his discretion. In other words, he has the power to take the burden of the processing tax from the manufacturers and provide the money to pay for acreage reduction from the vast sum just authorized.

The question in everyone's mind right now is: "Will the President do this?" Will he come to the rescue of a dying industry and redraft the tariff regulations so that foreign competition will not close our mills? He can limit Japanese imports to a percentage of the total consumption of cotton goods in the United States. Will he equalize the wage differentials in this country to bring about a more equitable manufacturing cost in the industry? Will he lift the burden of the processing tax from the industry?

The answer lies with him. The people of my home city of Lowell are writing to President Roosevelt, using their own words, describing local conditions, and urging him to avert this tragedy and give the matter immediate consideration before it is too late. He has all the authority necessary to save the industry. Congress gave it to him. Now is the time for him to use it. We have a right to demand it. There is hardly a person in this country but who is affected by the question. I hope you all will become actively interested. It is not a sectional matter. It does not affect New England alone, or the South alone. It is vital to every one of us—the farmer, the manufacturer, the worker, the merchant, the consumer. Many of you know the agony of losing your jobs. Is the agony not greater when you know it could have been prevented? Let the North, the South, the East and the West join together and win the fight. The textile industry can be saved. It must be saved.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from Puerto Rico [Mr. IGLESIAS].

Mr. IGLESIAS. Mr. Chairman, it is not my intention to enter into a discussion of the divers views in regard to this bill. I cannot ascertain at this time what the bill in its final form will be as passed.

I feel it my duty to call to your attention a matter of great importance to the people of Puerto Rico. My appeal at this time is in connection with the social-security legislation recommended which the House already has begun to consider.

I want to refer to one provision of this House bill No. 7260, which contains a definition of the United States, embracing Alaska, Hawaii, and the District of Columbia, but it does not include Puerto Rico. Chairman DOUGHTON's original bill and similar bills introduced by Congressmen MEAD and LEWIS do include Puerto Rico in the definition of this Nation.

I feel, Mr. Chairman and Members, that it is not wise to exclude the people of the island from participating in the obligations, responsibilities, and benefits of so far-reaching a national measure of social and economic character not only from the standpoint of fairness but also to instill the principles of the Nation's progress, humanity, and social education.

I request, Mr. Chairman and members of the Committee, and I trust, that your recognized sense of fairness and justice will lead your good spirit of justice to find the best way of recommending the incorporation of Puerto Rico in the definition of the United States into this humanitarian measure through a proper amendment.

Certainly Puerto Rico, an organized Territory, whose people are citizens of the United States, is an integral part of the United States, and in all fairness and justice the people of Puerto Rico should be permitted to participate in the obligations, duties, and benefits, as well as in the obligations and responsibilities, of so far-reaching a social program.

In this connection may I prevail to the extent of asking the chairman and members of the committee who are in charge of the stated bill now under consideration, and the Members of the House who will vote for the measure, requesting them to favor the inclusion of Puerto Rico in this legislation through amending it.

The plain facts of my request are that Puerto Rico has been American territory since 1898, and since 1917 all Puerto Ricans have been declared American citizens by action of Congress.

The following resolution was unanimously approved by the National Labor Convention of 1933:

Whereas the American Federation of Labor was always ready at all times to give its worthy support to the cause of the people in general and labor in Puerto Rico and to help our island: Therefore, be it

Resolved, That the president of the American Federation of Labor be authorized to earnestly urge and lend his moral support and help before the President and Congress of the United States to every measure and plans of rehabilitation as set forth in previous reports and recommendations of the executive council and the resolutions passed by the last three conventions, 1929, 1930, and 1931, of the American Federation of Labor.

Puerto Rico, gentlemen, stands today as the first best buyer of American goods in all Pan America, and the eighth of all European nations. The fact that Puerto Rico has bought and is continuing to buy millions upon millions of dollars' worth of goods from continental United States is vitally interesting, and it is vitally interesting to know that two-thirds of the wealth and riches produced in the island comes to the United States and remains in the United States. As a matter of record, Puerto Rico has already bought about two thousand million dollars' worth of goods in the last 34 years. Two-thirds of this money has gone to the various corporations and commercial businesses in the United States.

Gentlemen and friends, I request you to look into this great little Puerto Rico as an integral part of our Nation, that you may know more about it and cultivate more and more the best feeling, extending to the people of the island the benefits and obligations of every congressional Federal measure intended to relieve and treat the island as an integral part of the Union.

Puerto Rico is American economically and socially in its industry, trade, and its practices under the American flag.

Mr. Chairman, we have in the island pension laws which provide for the employees of the insular government and for the police. Other general pension bills have been pending in the legislature for some time and which involve about the same principle as is advocated in this bill now under consideration.

For the last 34 years our men, women, and children have been educated under the American flag. The industries of

America have gone over there and are leading the island in its progress forward and helping the great bulk of the people over there. We have obtained in the last 34 years the benefits of much of the progress that exists in America, but we want the measures of progress of the Nation to be extended to the island. [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. McREYNOLDS, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H. R. 7260, had come to no resolution thereon.

HOUSE JOINT RESOLUTION RE TAX-EXEMPT SECURITIES

Mr. HOUSTON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. HOUSTON. Mr. Speaker, just about 20 years ago the question of tax-exempt securities became acute. The taxing of income derived from such securities was a matter of concern even earlier.

During debate on the proposal which subsequently became the sixteenth amendment to the Constitution, proponents of the resolution were called upon to state if it was their intention to include tax-exempt securities under the blanket provision of the new law, which read:

The Congress shall have the power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several States, and without regard to any census or enumeration.

Replies to critics of the measure stated in no uncertain terms that there was no intention to affect the issuance of tax-exempt securities. These replies, used as a basis of the intent of Congress, have resulted in Supreme Court decisions regarding the sixteenth amendment which make it advisable to propose another amendment which shall be specific in its intent and beyond the realm of ambiguous interpretation.

House Joint Resolution 194, which I have introduced, is specific if not original. During every Congressional session throughout many years, numerous resolutions have been introduced in an effort to bring about and to control the ever-growing problem of tax-exempt Government securities.

At the present time about \$40,000,000,000 are represented in Federal, State, and municipal securities which are exempt from taxation. The bulk of these are in the hands of very wealthy individuals who buy such bonds to avoid being classified in the higher brackets of incomes.

It is contended, and quite correctly, that Government bond issues would of necessity have to bear higher interest rates if subject to taxation and that the revenue to be derived by Government through taxes would not be as great as the loss through payment of higher interest rates. But there are other aspects to this situation which transcend such considerations and which cause the tax-exempt-securities question to be viewed as more important than ever before. The aspects might be enumerated in the following order of importance:

First. Profitable business expansion is retarded due to the fact that those most able to provide capital can better afford to be content with low-interest-bearing Government bonds. Forty billions of dollars are, in effect, being hoarded away from business expansion.

Second. Because of the ready market for their securities, Government, of all types, is and has been inclined toward extravagance.

Third. Exemption from taxation of public bonds in private hands undermines the theory of progressive income taxation.

Fourth. There has been created a tax-exempt aristocracy among the more wealthy; an aristocracy which can turn a deaf ear to the pleas of enterprise for capital.

Essentially, while Government, declaring the existence of an emergency and attempting to prime the pump of private

enterprise, pours billions of borrowed dollars into the top of the pump, it is continually lowering the water in the well by permitting it to be drained from the bottom and placed away in cans labeled "tax exempts."

How can it be otherwise? We talk of the necessity for reviving confidence one moment and cry out about the necessity of borrowing billions the next. We say to the millionaire: "Stop holding back; put your dollars to work in productive enterprise" and in almost the same breath we say, "Here is a fine batch of Government bonds, tax exempt and as safe as the credit of your Government; put your idle dollars into these and you can then sit back, close your eyes, and cease to worry about what will happen to the fellows who are foolish enough to risk their money in other investments."

Mr. Speaker, no intelligent man can hold that the possession by anyone of one or several millions of dollars should be the cause of abusing the possessor. Any person who possesses wealth, whether earned or not, has a right to seek such investments as he may choose. The fact that he invests in tax-exempt securities is certainly no foundation for condemnation, but could often be said to be otherwise. The fault lies in the legislatures of the Federal and State Governments.

It has been said, and with good cause, that the question of taxing Government bonds could be settled by an act of Congress assertive of its present powers. That power exists under the Constitution. In fact, a simple resolution, declaring it to be the sense of Congress that the sixteenth amendment to the Constitution, when it says, "collect taxes on incomes, from whatever source derived", means just what it says, would form the basis for a new and proper interpretation by the supreme tribunal of the judicial branch of our Federal Government. Such a resolution could be based on the fundamental premise that public securities in the hands of private persons are private property and that the income from such securities is private income.

However, there would remain considerable doubt as to the status of such a resolution as affecting the several sovereign States. Ample legal argument has served to demonstrate the desirability of disposing of the matter by the adoption of an entirely new constitutional amendment.

In conclusion, I would like, if I may, to point to the fact that the adoption of House Joint Resolution 194 would be completely in harmony with the objective of the administration in bringing about a revision downward of interest rates. Despite the fact that there exist billions of unused reserve credit in banks, in industry and in commerce, the presence in the picture of this huge total of forty billions of invested principal, furnishing tax-exempt income, has the effect of sustaining higher interest rates in quarters harmful to national recovery. Recent announcements indicate that it is planned to furnish Government funds for many refunding operations deemed to be in the public interest. Would it not be better, more in keeping with our traditional Americanism, if we made it possible to carry out the refunding of these private debts with private capital? To be true, it would mean the payment by the Government of higher interest rates on its borrowings, but it appears quite clear that it would be more desirable to pay a higher interest rate on Government bonds and be forced to borrow less money for ineffective pump priming.

PATMAN BONUS BILL ENDORSED

Mr. JOHNSON of Oklahoma. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. JOHNSON of Oklahoma. Mr. Speaker, when the bonus legislation was before this body recently I chose to continue my support of the Patman bill in preference to the Vinson measure. I went before the Ways and Means Committee, as I have done other times in the past, in support of the Patman bill over all other pending measures. At that time I was bombarded with telegrams from some of my closest and best personal and political friends in Oklahoma urging that I forsake the Patman plan for the payment of

the bonus in full in cash by issuing Treasury notes against gold now in the Treasury of the United States. These friends urged that I favor the Vinson plan as sponsored by the national leaders of the American Legion, which proposed merely to authorize payment of the bonus.

I stated at the time that I supported the Patman plan because I felt that it was simply exchanging one Government obligation for another and would not create an additional debt. I could not bring myself to support the Vinson plan, which, I felt, would inevitably call for a bond issue requiring tax-exempt securities to be heaped upon the backs of the tax-burdened people of America. At that time very few of my friends wrote or wired urging that I support the Patman bill. Lately, however, I have begun to hear from the rank and file of the veterans. I find, somewhat to my surprise, that they are overwhelmingly in favor of the Patman bill. Not only am I hearing from the rank and file of the veterans, but many other citizens and organizations have commended my support of the Patman bill. I have not time, and do not care to take the space in the RECORD, to print a large number of these communications, but in the time allotted me I desire to read one such communication. It comes from the Veterans of Industry of America, and is under date of March 23, 1935. It is as follows:

Whereas the eight Members of Congress from Oklahoma have voted for the Patman soldiers' bonus bill, which not only gives our ex-service men the money due them, but provides for new money, giving the people a greater amount of money in circulation, and it further deprives the interest taker from collecting twice the amount from us in interest: Therefore be it

Resolved by over 500 leaders of the Veterans of Industry of America, assembled in Oklahoma City, Okla., this the 22d day of March, from over the State, and representing 170,000 members in this State, thousands of them ex-service men, That we commend our Congressmen for their vote in the interest of the ex-service men, the unemployed men, and in fact, in the interest of all except the money changers.

IRA M. FINLEY,

President Veterans of Industry of America.

Mr. Speaker, I would rather have that resolution of commendation from these 500 leaders of the veterans of industry of America in Oklahoma than to have the plaudits of all the international bankers and bloated bondholders in all the world.

My support of the Patman bill, of course, is distasteful to the big money changers with their swollen fortunes. I feel complimented to have such opposition. If the time ever comes that I should receive the support of these Wall Street manipulators and political parasites who wallow in the lap of luxury with money they do not earn, I would then no longer deserve or receive such wonderful commendation from such great patriotic organizations representing so many honest, straightforward citizens. I might add that this organization is carrying on a vigorous and courageous fight for the really forgotten men, women, and children of America, and against the special-privileged class that has too long plundered and plagued the American people.

I am glad to say that many other well-known organizations in Oklahoma have gone on record more than once as opposed to the efforts of big business to induce Congress to heap additional burdens on the people by continuing the issuance of tax-exempt bonds to fatten the coffers of the bloated bondholders. Among these great organizations that have endorsed the Patman bill in the past is the Farmers' Educational and Cooperative Union of America.

The Farmers Union has repeatedly gone on record as opposed to this bond racket, and it will be recalled that the late John Simpson time and again called the attention of the country to the serious dangers of floating tax-exempt bonds by this Government.

Today I received a letter from the present distinguished head of the Farmers Union in Oklahoma, Hon. Tom Cheek, complimenting me and other members of the Oklahoma delegation in Congress on our position on the bonus bill.

The Wall Street gang owned and controlled the last several administrations. High-powered lobbyists swarmed the corridors of the Capitol for the past decade, during which time we saw the sorry spectacle of much legislation passed by Congress by and for so-called "big business." Govern-

ment had been turned over bag and baggage to the Mellons, the Millses, the Mitchells, and the Morgans. The so-called "Dawes plan" of financing private banks at Government expense came into vogue. The seat of government was transferred from Washington to Wall Street.

A long-suffering people finally revolted. The eyes of the Nation and of the world turned to that stalwart progressive who had proven himself a real friend to the common people. But no sooner had Franklin D. Roosevelt been swept into office as President than the same old crowd began to raise heaven and earth in a desperate effort to again ply their trade of pillage and plunder. They have opposed every progressive measure sponsored by the new deal and passed by this and the last Congress. These malefactors of great wealth are interested only in clipping their coupons. They are horrified at any suggestion of expansion or inflation of the currency. But their rule-or-ruin policy that destroyed and disgraced the last administration must not and shall not destroy this one. Now that the National Capital is again at Washington and this Government has again been returned to the people, it must not be destroyed by the money changers and Wall Street coupon clippers.

ATTORNEYS' FEES IN DETROIT BANKS

Mr. DISNEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a certain statement from the Treasury Department, which is in the form of a letter relating to the closed banks, bankruptcy cases, and payment of receivers' fees and things of that kind.

Mr. MARTIN of Massachusetts. Are these the gentleman's own remarks?

Mr. DISNEY. No. The gentleman from Michigan [Mr. BROWN] asked me to make this request, which is to extend my own remarks and to include this statement from the Treasury Department.

Mr. MAPES. Mr. Speaker, reserving the right to object, was not this same material put into the Senate proceedings a few days ago?

Mr. DISNEY. I understand not, but I cannot give positive assurance to that effect.

Mr. MAPES. The Senator from South Carolina extended his remarks by putting in a letter from the Comptroller of the Currency. Does this relate to the so-called "McLeod resolution"?

Mr. DISNEY. I think not, but I cannot assure the gentleman. The gentleman from Michigan [Mr. BROWN] asked me to make this request. He said he could not be here, and stated the matter was of public interest and it was important to have the record.

Mr. MAPES. Does it relate to the McLeod resolution?

Mr. DISNEY. I will show the gentleman what it is. I do not know.

Mr. MAPES. Mr. Speaker, I thought this might be the same data inserted in the RECORD over in the Senate. It is not and I therefore withdraw my objection.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. DISNEY. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following letter written to my colleague, Mr. BROWN of Michigan, by the Comptroller of the Currency:

TREASURY DEPARTMENT,
COMPTROLLER OF THE CURRENCY,
Washington, April 12, 1935.

MY DEAR MR. BROWN: It gives me pleasure to comply with your request for information with reference to attorneys' fees paid in both of the Detroit banks. This office has completed a statement regarding the Guardian National Bank of Commerce, and a statement is being prepared for the fees in the First National Bank of Detroit.

You will be interested to know that the receivership of the Guardian National Bank of Commerce in Detroit is operating at a profit. As of December 31, 1934, the receiver had collected from interest, premiums, and rents, \$2,874,479.45, which reflects a net profit from operations of approximately one and a half million dollars. The liabilities of the bank to depositors and other creditors as of suspension totaled approximately \$114,000,000. The total amount collected from all sources up to December 31, 1934, was \$67,825,438.88, and the total expense of liquidation, including

expenses of the conservator, was \$1,336,540.96. All amounts received from the Reconstruction Finance Corporation are eliminated from this computation. It thus appears that the total expense of liquidation as of December 31, 1934, was just above 1 percent of the liability to creditors and less than 2 percent of the total cash collected.

Some idea is obtained of the savings effected under the receivership when it is recalled that on December 7, 1932, the total number of officers and employees was 677, representing a pay roll of \$1,212,171.16. On March 31, 1935, the number of employees had been reduced to 133 with an annual total pay roll of \$255,241.44. The president and eight vice presidents of the bank received total salaries amounting to \$142,000 annually. You will realize that these figures are only for comparison as it is not quite fair to compare the receiver's salaries in the liquidation of an institution with the salaries of a going concern.

Judge Frank E. Wood represents the Comptroller's office in the liquidation of the Guardian National Bank of Commerce, his associates being Hugh L. Nichols, Esq., Albert H. Morrill, Esq., and G. A. Ginter, Esq. Judge Wood employs in connection with the legal work of this trust Attorneys Zanone, Manley, Hugh C. Nichols, Schmidt, Runge, Kasfir, Kelley, Levi, Hogan, Harold Nichols, and Bachman, who also perform services for Judge Robert S. Marx, who represents the Comptroller's office in the liquidation of the First National Bank of Detroit. Of course, all payments to these attorneys are met from the fees paid Judge Wood and Marx. These two Detroit banks are the largest national banks ever liquidated by the Comptroller. Many novel legal questions were presented because of the Michigan bank holiday and the holding-company affiliations. It was obvious that litigation would ensue wherein the receivers would be opposed by the best legal talent available in Michigan. This situation made it imperative that the counsel selected to represent the receivers be exceptionally well qualified to protect the interests of creditors.

There were placed in Judge Wood's hands prior to December 31, 1933, complicated matters involving approximately \$84,826,000 and, as of that date, in actual litigation he directly recovered for the benefit of the trusts or defeated claims asserted against it, sums totaling \$5,590,943.87 itemized as follows:

DEFEATED IN ACTUAL LITIGATION CLAIMS ASSERTED AGAINST THE RECEIVER	
577 bankruptcy preference cases.....	\$922, 673. 83
Equity receivers' preference cases.....	150, 000. 00
Chrysler v. Schram.....	509, 358. 05
Crowley v. Milner.....	700, 000. 00
Rinsheed v. Guardian.....	11, 000. 00
Kutsche v. Guardian.....	71, 250. 00
Spaulding & Long v. Schram.....	243, 880. 00
Handy v. Bank of Detroit.....	200, 000. 00
Traub v. Schram.....	76, 917. 06
Gross v. Schram.....	12, 887. 89
Pierce v. Schram.....	4, 322. 77
Scott v. Guardian.....	4, 000. 00
Campbell v. Schram.....	9, 600. 00
Cohen v. Schram.....	307. 00
Schram v. City of Detroit.....	1, 200, 000. 00
Foster v. Guardian.....	300, 000. 00
Andries v. Guardian.....	10, 000. 00
Topolewski v. Guardian.....	1, 250. 00
Total.....	4, 427, 446. 60
SUITS INSTITUTED, JUDGMENTS OBTAINED, AND COLLECTIONS MADE FOR THE RECEIVER	
Sleeper v. Schram.....	\$363, 467. 50
Schram v. Paul.....	49, 748. 21
Schram v. Aldinger.....	850. 00
Schram v. McLean.....	700. 00
Genesee Bank v. Cumings.....	147, 232. 77
Industrial Trust Co. v. Schram.....	585, 000. 00
Schram v. Art Printing Co.....	1, 800. 00
Schram v. Hanna.....	680. 00
Schram v. Hendrie.....	7, 000. 00
Schram v. Stone.....	1, 371. 00
Schram v. McCandless.....	625. 00
Total.....	1, 158, 474. 48
NEW OR FRESH MONEYS BROUGHT INTO THE RECEIVERSHIP BY LITIGATION CONDUCTED ON BEHALF OF THE RECEIVER	
Schram v. Newberry.....	\$1, 004. 17
Schram v. Klein.....	1, 004. 17
Schram v. Murphy.....	1, 004. 17
Schram v. Tuttle.....	1, 004. 17
Schram v. Peoples.....	1, 006. 11
Total.....	5, 022. 79

Total..... 1, 158, 474. 48

NEW OR FRESH MONEYS BROUGHT INTO THE RECEIVERSHIP BY LITIGATION CONDUCTED ON BEHALF OF THE RECEIVER

Schram v. Newberry.....	\$1, 004. 17
Schram v. Klein.....	1, 004. 17
Schram v. Murphy.....	1, 004. 17
Schram v. Tuttle.....	1, 004. 17
Schram v. Peoples.....	1, 006. 11

Total..... 5, 022. 79

Grand total..... 5, 590, 943. 87

All attorneys designated to represent insolvent national banks are required to agree that their fees for services rendered will be reasonable and subject to approval by the Comptroller of the Currency, whose decision as to reasonableness shall be final. Itemized bills are required describing in detail the services rendered, the time and amount involved, and the results obtained for the trust. Definite standards for the allowance of attorney fees have been built up in the Comptroller's office over a period of years,

and each fee bill is carefully reviewed thereunder. The only bill submitted to the receiver by Judge Wood is for the period from February 11, 1933, to December 31, 1933, in the sum of \$165,000. In this instance, 16,660 hours were spent by the attorneys on the matters referred to them. This bill was carefully reviewed by the legal staff of the Comptroller's office and by the same attorneys who have handled this work for a number of years, resulting in an allowance of \$150,000. This allowance represents less than one-fifth of 1 percent of the amount involved in the matters placed in Judge Wood's hands. On this basis, for the period stated, each depositor or creditor with a claim of \$100 was assessed approximately 13 cents for legal expenses, or thirteen-hundredths of 1 percent.

It has long been the policy of this office to avoid designating as attorney for a receivership an attorney, or a firm of attorneys, having a member who formerly represented the bank, who is a director or shareholder, or who is indebted, or one who would be embarrassed in any way in vigorously prosecuting the litigation bound to ensue. It was believed that practically all the leading attorneys or firms of attorneys practicing in Detroit might be embarrassed in representing these receivers, in view of the fact that practically all the large industrial and business interests of Detroit were directly or indirectly concerned in the liquidations, as debtors, shareholders, depositors, or otherwise. Accordingly, it was thought best to designate attorneys entirely disassociated with the banks or with these numerous interests. The developments since suspension would seem to justify this view, as all of the leading law firms or attorneys in Detroit represent interests in some manner affected by the bank's suspension. The National Bank of Kentucky, Louisville, Ky., was the largest national-bank failure prior to the failure of the Detroit banks. The firm of Nichols, Morrill, Wood, Marx & Ginter was designated as attorneys for this receivership on May 14, 1931, and their services to the receiver demonstrated their outstanding ability in bank-liquidation matters. As you know the designation of attorneys for the two Detroit banks was made prior to the time the present Comptroller assumed office.

In order to clear up the misunderstanding that national-bank receiverships are hedged with great secrecy, I desire to respectfully call your attention to the Comptroller's Annual Report, which contains full information under the following headings: All collections by receivers, collection and offsets allowed; collections from stock assessments; amounts borrowed from the R. F. C.; dividends paid by receivers to secured and unsecured creditors; distributions by conservators, payments to secured and preferred creditors; offsets allowed and settled; disbursements for protection of assets; receivers' salaries, legal, and other expenses; conservators' salaries, legal, and other expenses; a table showing the status, progress, and results of liquidation of all national banks placed in hands of receivers from the date of the first national-bank failure in 1865 to October 31, last, the end of the fiscal year in the Comptroller's office; separate tables giving dates of appointment of receivers; capital at date of organization and at date of failure; dividends paid while solvent; total deposits, bills payable, and rediscounts at date of failure; also tables showing assets at date of failure, additional assets acquired subsequent to failure; offsets allowed; disposition of all collections and dividends paid to creditors of all insolvent national banks, this information being given in detail as to each national bank.

In addition to this each receiver makes a quarterly report, showing:

Assets: Assets at date of suspension (book value as reported in receiver's first report); additional assets acquired since suspension (book value); stock assessment; total assets to be accounted for—cash collected from assets; cash collected from additional assets; cash collected from stock assessment; total cash collected from assets and stock assessment; offsets allowed on assets; losses charged off on assets and on stock assessment; remaining assets, consisting of uncollected assets, uncollected additional assets, and uncollected stock assessment; a recapitulation of remaining assets (book and estimated values), showing uncollected assets, uncollected additional assets, uncollected stock assessment, and a total of the remaining assets.

Liabilities: Secured liabilities at date of suspension; unsecured liabilities at date of suspension, additional liabilities established, total liabilities this date; secured and preferred liabilities paid in cash (paid by conservator); unsecured liabilities offset; unsecured liabilities for which receiver's certificates have been issued; unpaid secured liabilities (both proved and unproved); unsecured liabilities not paid or proved, total liabilities accounted for.

Collections and disbursements: Collections from all sources, showing cash collected from assets and stock assessment; cash collected from interest, premium, and rents; cash collected by receiver, and held as trustee for owners; Reconstruction Finance Corporation loans received (loan to conservator); total collections to be accounted for, disbursements of every character, showing secured and preferred liabilities paid (including dividends) (paid by conservator); collateral account (collections held by secured creditors and not yet applied); advances in protection of assets (taxes, insurance, etc.); expenses of receivership (expenses and advances by conservator); dividends paid to unsecured creditors (paid by conservator); Reconstruction Finance Corporation loans repaid; cash in hands of receiver and Comptroller; and total collections accounted for.

And this report is posted in the bank for the information of the depositors and creditors, and the general public.

May I compliment you on the keen interest you have displayed in the protection of the rights of the depositors of insolvent national banks and for the uniform courtesy you have shown this office on all occasions evidenced by this opportunity to refute the rumors to the effect that attorney fees of \$250,000 or \$300,000 had been paid incident to the liquidation of the Guardian National Bank of Commerce. I shall appreciate receiving your reaction to the facts set forth in this letter.

A similar letter is being sent to Congressman JESSE P. WOLCOTT, and I am releasing this letter to the press.

Yours very truly,

J. F. T. O'CONNOR,
Comptroller of the Currency.

HON. PRENTISS M. BROWN,

Member of Congress, Washington, D. C.

ECONOMIC CONDITIONS

Mr. JONES. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including an address recently delivered by my colleague the gentleman from Texas [Mr. KLEBERG] before the Texas Ginners Association.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. JONES. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address recently delivered by my colleague the gentleman from Texas [Mr. KLEBERG] before the Texas Ginners' Association:

Mr. President, fellow citizens, and Texans, I address you as my friends in the truest sense of the word. The best definition of the word "friend" is one who entertains for another such sentiments of esteem and affection that he seeks his society and welfare. As your friend may I not thank you for this opportunity to greet you as such.

I have been privileged to serve the Fourteenth Congressional District in the Congress of the United States a little over 3 years. Though my office window opens on the inner courtyard of the new House Office Building, I hope my vision is not obstructed by the gray walls which surround it. The livestock ranges and the cotton fields of Texas, together with the view from my home window of the port of Corpus Christi, fill my mind's eye with constantly recurring visions of home. Since I began my service as a Representative of my constituency the more or less circumscribed definition of home in my conception has been changed considerably. The inner circle would now be defined by the outer boundaries of my district. The actual confines include those limits to which the interests of my fellow Texans reach. My home is in Corpus Christi—a gateway to the sea and the markets of the world. Corpus Christi is the county seat of Nueces County, one of the largest cotton-producing counties of the world. The Fourteenth Congressional District is bounded on the north by the progressive little city of New Braunfels. From New Braunfels you can travel south for nearly 200 miles and still be in my congressional district. Agriculture is, of course, the chief interest of my home-folks in this area, which is approximately 200 miles long and from 50 to 100 miles wide. We produce abundantly cattle, cotton, peanuts, watermelons, vegetables, all sorts of grain, some citrus fruit, and numerous other commodities which time does not permit me to list. Of these commodities more money is, of course, realized from the production of cotton and more people are thus engaged. The future of cotton is of more concern to more citizens than any other commodity. This statement holds true not only of my district but generally to all of Texas.

The cotton fields of Texas would furnish the beginning for an almost endless movie reel were a picture to be taken attempting to follow Texas cotton to its final end. A brilliant Oxford professor, James Rogers, in lecturing on the economic interpretation of history, voiced this idea—that "plants and fibers have interwoven with the development of civilization no less than fine-spun theories of government." For instance, the transformation of England beginning in the eighteenth century was to a major degree controlled and influenced by cotton and wool.

This "vegetable wool", referred to now as cotton, has played a part in the history of the world that cannot be ignored by thinking men and women. American history contains the modern pages only of the history of cotton. The gypsylike career of this essential product of the tilled field encircles the globe. Some historians refer to cotton as having been a primary crop among Chinese farmers 40 centuries ago.

Mr. President, a combination of conflicting emotions were first to be overcome in my approach to the preparation of this discourse. The pitiful inadequacy of human ability is best to be experienced by an adventure such as this. I therefore continue the approach to modern matters of interest with a deep and abiding solemnity of purpose. This can only be appreciated and experienced by one who has the task in hand. The human mind dedicated to the services of one's nation, one's state, and friends is forced to envisage the endless caravans which traverse the pages of history from an early date until now—pages replete with miseries and triumphs through which this fiber is woven from the beginning to the present time. The Encyclopedia Britannica describes cotton as "the most important of the vegetable fibers." Its various uses could not be categorically named within the limits

of my time. Consumers are now using cotton for food, clothing, industry, and science. More than 2,000 uses for cotton are recorded in this country alone.

The first law of nature is self-defense. And national defense can properly be placed as the first law of nations. Were it realized how important cotton is in national defense every patriot in this land of ours, and particularly those in the Southland, would swear allegiance anew to our friendly monarch, King Cotton. We must depend on him. We must be his friend. And we must curb our selfish inclinations for our own sakes in order to avail ourselves of his ready and invaluable services.

During the period from 1929 to March of 1933 a greater shrinkage in demand for farm commodities, and in farm income was shown than in any other period recorded in the past 70 years. From August 1929 to August 1932 prices of all groups of all farm commodities at the farm declined nearly 60 percent. The farmers' gross income in 1931 was about \$6,000,000,000, compared with nine billion five hundred million in 1930, and approximately twelve billion in 1929. This shows a decline of approximately 50 percent within the 2-year period. The farm income for 1934 was estimated to be over \$8,000,000,000, representing an increase of approximately 28 percent over 1933. This indicates some of the strides we have made since 1932.

On March 4, 1933, by a majority of 6,000,000, a new President was elected and charged with the grave responsibility presented by our national problem. His attitude toward the farmers' problem is well known.

When President Roosevelt took office foreclosures had reached such appalling proportions as to become a national problem of the first magnitude. In Texas alone, where over 43 percent of all owner-operated farms were mortgaged for over \$500,000,000, the estimated value of farms foreclosed in 1932 reached the alarming figure of about \$60,000,000, or over one-tenth of the total outstanding mortgages. In my home county of Nueces over 43 notices were tacked up on our courthouse door within a period of less than 12 hours.

The Farm Credit Act was passed and the farmers' own credit agency, the F. C. A., has, since its birth and while still a baby, functioned more efficiently than any of the other agencies. Texas farmers know its worth.

With industry and labor both waiting on a recovery in farm commodity prices the Agricultural Adjustment Act was proposed and became a law. Its real purpose was to give the farmer his proper share in the division of the price of the commodity he produces.

Huge surpluses, wholesale foreclosures, and cruelly low farm commodity prices brought the A. A. A. into existence.

The cotton farmer in 1934 and 1935 found his farm refinanced, found his interest rates reduced, had new credit made available to him in the form of crop-production loans, production credit association loans, and cooperative loans. All of these were the consequence of the efforts of the President and the Congress through the A. A. A. program.

The cotton farmer received 12 cents for his cotton in 1934, as compared to 6 cents in 1932. Producers of cotton in Texas received over \$100,000,000 in 1933 and 1934 in rental payments derived from the processing tax paid by the citizenry of every State in the Union. In effect, for the first time in history the North, West, and East combined in making contributions to the southern cotton farmer.

True, the temporary program which brought about the benefits enumerated cannot go on permanently. New plans and new processes must be evolved. Your representatives and the governmental agencies set up to serve you are daily giving study to the problems we must face.

When I left Dallas on Wednesday night, week before last, I flew over a dust storm (and just over it, by the way) at between 9,500 and 10,000 feet elevation. That dust came from somewhere and it meant a lot of loss and suffering to many. But it was only a small part of the gritty problem involved. Despite arguments to the contrary, our agriculture is still largely a tenant-farming proposition. The tenant farmer has had a bill introduced in his behalf by Senator BANKHEAD providing for his change into a real farm owner if he can meet certain requirements. This bill creates the Farm Tenant Homes Corporation. It provides credit facilities with Government supervision. The Corporation may purchase farms or make loans for this purpose. Title in the property may be taken by the tenant purchaser or the Corporation. Purchasers may be tenants or share-croppers of good character who know how to farm and are familiar with farm operations. If this bill is passed, every worthy farmer can contract and own the farm and home he has so long desired. The more agitated this good class of our citizens become the greater risk held in store for us and for posterity. At best, the tenant farmer is still on the farm an average of 4 years. It is not his farm, the usual contract he has does not reimburse or pay him for improvements, and on the average he can see no reason for taking care of the premises meticulously, and much less of the fertility of the soil. The average depth to which the productive soil on the average American farm reaches is from 4 to 5 inches. It does not take long without care to completely ruin the average farm. Time does not permit my dwelling on the Bankhead bill for tenant farmers, but suffice it to say that it is vastly important and should be supported. When our farmers play out, Texas ginners and Congressmen will, too.

During the past several weeks, in a dusty room in the old State Department Building, across the street from the White House in Washington, experts of your Government have been carrying on

negotiations with representatives of foreign governments in an attempt to effect reciprocal tariff trade agreements. Several of these agreements have been adopted.

It is not an easy matter to adjust overnight the currency situation existing all over the world and make it possible for other countries to continue to purchase our goods under present conditions. A way must be found, and will be found, which will permit a more effective, economical, and profitable marketing of our products abroad.

We have heard a lot of talk about having lost our export market. I am not one of those who fail to realize the seriousness of such a loss. We are told that the increased production of cotton in other countries will, if not stopped, result in sending the American cotton farmer into oblivion. It might be of interest to make some reference here to the world cotton prospects. Exports of American cotton for the first half of the 1934-35 season were 42 percent less than the year earlier. The largest decline occurred in our exports to Germany, which show a decline of 80 percent. Exports to China were 68 percent less; to France, 58 percent less; and to the United Kingdom, about 45 percent less.

As I have stated, our cotton exports for the first 6 months of the 1934-35 season were 43 percent below the 10-year average. Our records show that the exports of lard have fallen 50 percent. The volume of exports of industrial products amounted to 66 percent of the 10-year average, while the volume of all agricultural products was 52 percent. The movements of practically all of our agricultural exports have been reduced even more than cotton. Some of the falling off in exports of cotton can be explained by the foreign mills' policy of eating into their stocks of American cotton already on hand. The fact that they are engaging in such a policy is confirmed by available figures showing stocks of American cotton in European ports. It is wrong to assume that these foreign mills can or will shift from American to foreign cotton in anything like the degree which American exports have declined. Instead, it is most likely that after the stocks are used up they will start buying from us in larger quantities than ever before. We must realize that the decline in exports has not been confined to cotton.

In 1934-35 world cotton production is estimated at 22,600,000 bales, as compared with an estimated production of 26,100,000 bales in 1933-34, and a 10-year average of 25,530,000 bales. Production in foreign countries for the current season is estimated at 184,000 bales less than the record for last season, thus indicating that foreign countries, too, will produce less cotton this year than last year.

Our export problems need attention, but I cannot agree with those who say that the falling off of our exports of all agricultural products is the consequence of the Bankhead law. More am I inclined to the view that the decline in exports is the result of reorganizations in foreign governments, money exchanges, and tariff barriers.

Your business should qualify you for the suggestion that I am about to make. Since the first gin was invented the purpose of this marvelous invention has remained the same through all the years, that of ginning cotton, which means the separation of the chaff and trash from the two marketable products—cottonseed and lint cotton. I am going to suggest here and now that, in addition to ginning cotton during the season, you undertake to gin useful ideas for a while in the interim. My job for the past 3 years has called upon me to do considerable studying and thinking, and this for the benefit of others. In your job, heretofore, as in the case of all of those engaged in private enterprise, your thinking has, for the most part, been concerned with your individual problems.

You are entitled to know, and through you the Texas cotton farmer is entitled to know, at least the general picture which confronts our country and our farmers. In my earnest opinion the most visible blot on the world picture is spelled T-A-R-I-F-F in capital letters. Since the World War thinking people in our land have struggled against terrible but by no means hopeless odds. A united purpose and a wealth of unselfish and intelligent understanding are essential before healthy world conditions can be expected. When the heat has been turned on too long, and we are not given time in which to cool off, the human reaction results in a wealth of cussing and cussedness. We have had too much appeal to our emotions and prejudices rather than to our common sense and reason. The fix we are in, and the part we ourselves have played in getting in this shape, is too long a story.

Despite the fact that we had become the major creditor country of the world, we completely disregarded our heavy dependence upon export trade and raised our tariffs higher and higher. Our refusal to accept imports, at least in reason, was exemplified by slamming the door in the face of other nations. We lent more and more money and in every case have refused to accept payments in the only form we could have reasonably expected them, namely, in goods. The value of foreign world commerce amounted to approximately \$69,000,000,000 in 1929. In 1933 this had shrunk to \$24,000,000,000. Our own foreign trade is a still gloomier picture. In 1929 it was approximately \$10,000,000,000 and in 1934 a little below \$4,000,000,000. We have not only suffered around \$30,000,000,000 loss in trade since 1929 but we are getting less and less.

The farmer has by no means been the sole or the greatest sufferer in this phase. All of the employees of the transportation and communication businesses have suffered, particularly those who lost their jobs because of the curtailment of their business. Those gainfully employed in the production of coal and oil, which motivates the railroads and shipping and trucks, as well as those who manufactured merchandise and those who sold this merchandise to these workers, have all suffered greatly.

Let us turn another dark page, where we find listed the producers of those things we export. Over 7,000,000 workers, including the farmers, were in this group in 1929. This group represents the producers adversely affected by this trade decline. A large part of what they produced was domestically consumed, but it is estimated that no less than two and one-half million people were engaged in producing goods for export. Including the families of these people, at least 10,000,000 of our population were directly dependent upon export trade.

Now let us narrow it down to another line of employment. Look strictly at cotton, our major agricultural export, and let us see what the general prosperity of the cotton industry means. In the production of cotton alone we find that the manufacturing industries using cotton gave employment to approximately 3,000,000 people. This means that 4 out of every 10 employees in the manufacturing industry were employed in industries using cotton.

Statistics are tiresome, but they show conclusively that others beside the ginner have been on the rocks. While the export business of our country has shown a tragic and frightful decline, it is by no means lost. But we have a real job to regain it. This cannot be accomplished overnight. A return to general sanity and a definite determination not to go off half-cocked are prerequisites to even a beginning of the solution of this question.

We have rapidly and alarmingly, but I hope only temporarily, lost out in export trade; and as to cotton, in which we are most interested, we have lost, along with others, some products to a greater and some to a lesser degree. In 1931 and 1932 the world price on cotton was around 6½ cents; in 1933, from 9½ cents to 9½ cents, approximately. In those 3 years the world carry-over of American cotton was a little over 3,000,000 bales in excess of world needs or consumption. At present the exportable surplus is selling at world prices and under the Government's program, despite a reduction to 43 percent of the world total in cotton exports, the rise in the price of American cotton has been responsible for bringing in \$20 or more per bale on cotton exports above what we could have received without this program. In 1933 and 1934 a total of something over \$215,000,000, represented by the above increase, was brought in.

It should be pointed out that while there is no question but that the economics of scarcity cannot endure as a permanent policy, yet once industry, labor, and agriculture get together the rules of the game will be changed so that a real and continuing profit will be the reward for abundant quality production rather than low prices at home and abroad. This is no time to abandon a domestic control of our production of important commodities. Governmental powers have for years been enlisted for the relief of industry and capital, and unless we retain for our farmers our partnership with Uncle Sam, for at least a time, a grievous error will have been committed.

During this Congress, of something over 170 bills involving foreign trade introduced up until March 1, there were only four or five indirectly designed to increase imports. Fifty-six of them placed even greater restrictions against them. It is safe to assume the age-worn principle of "turn about is fair play" will continue to operate. Unless we buy from others we cannot expect to sell to them. Try your gins on this one for a change.

Our farmers cannot expect full and complete prosperity until our country generally rests upon a foundation sound enough to support a real prosperity. Normality cannot be attained by artificial stimulation. It is by employment and wages that the citizenship of the United States can buy the farmers' products. But this is not all in the way of purchasing power required to finance both employment and wages. World trade has heretofore been largely responsible for the maintenance of these two important generators of a healthy circulation. Agitation and destructive criticism by opponents of the Government's efforts will only serve to retard the recovery in this condition from national convalescence.

I came to Dallas to talk to you, my friends, the ginner. Your job, as the farmers' hired hand, has been unusually simple up to now. I feel that in talking plainly to you I can probably better serve my fellow Texans in the cotton fields than through any other group. I realize that the ginner has undergone terrible hardships during the past 2 years. They have made great sacrifices by having their volume of business cut in half and by being charged with a part of the administration expense of the Bankhead Act. You cannot meet the added expense incident to the administration of the Bankhead Act out of the revenue you receive. We know that when you ginned over 4,000,000 bales of cotton during 1933 and only 2,000,000 in 1934 that you were hurt. Something is going to be done to partially remunerate you for your sacrifices. You should know—and I am confident you do know—that the prosperity of the ginning industry of Texas cannot be built upon 6-cent cotton, regardless of the number of bales we might produce in any other year. It has been your lot to bear some of the burden. In doing this you have the satisfaction of knowing that you have made a contribution to the farmers you have served, that you have aided in putting a stop to farm evictions, that you have played a part in reducing farm indebtedness, and that you have made it easier for the mortgage-ridden farmer to meet his interest charges and the payments on his home.

The Texas ginner should appreciate certain fundamental and long-established truths. One has to do with the old Texas story of the greyhound that quit for a minute while chasing a rabbit. He didn't catch the rabbit. This is no time for even the quitter to quit, much less for an intelligent and determined citizenship to quit for a minute. This is the wrong minute. It has been truthfully said that men who try to do something and fail are

infinitely better than those who try to do nothing and make a complete success of it. The information at hand with reference to the Southland's greatest product is multitudinous but still woefully deficient. After many conferences with department heads and administrators it was discovered that the ginner was the only one who could add vitally useful information to this fund of knowledge. It was tentatively agreed that a bill should be introduced paying, for example, 25 cents a bale to ginner and thus permitting them to defray expenses to a certain extent by this fee for the performance of a governmental function. My best efforts have been expended in trying to find some way whereby your losses of last year could, to say the least, be partially reimbursed. The peculiar situation of serving three masters has made it impossible up to now to bring you good news on this. The ginner, you see, serves the Treasury Department in the Internal Revenue branch, the Agricultural Department in the A. A. A., and the Texas cotton farmer in Texas. The law relates to services involving the collection of a tax wholly within the domain of the United States Treasury Department and over which the Department of Agriculture, as they contend, has no control.

Last year when the loans to industries bill was pending in the House, I attempted to get some assurance that the Federal Government would come to the relief of the debt-laden ginner. You should tell your Congressmen and your farmers of your problem, and attempt to concentrate on securing legislation that will permit the refinancing of your indebtedness, the same as has been done for the farmer. Every effort will be made to make your services under the Bankhead Act lighter and your remuneration heavier. I hope the ginner of Texas will devote some thought to a program calling for relief in the form of governmental refinancing of their own obligations, reasonable reimbursement for the services they rendered under the Bankhead Act, and a more intelligent and efficient organization. You are the leaders in your respective sections. If properly used, your efforts can bring real results to yourselves as well as to the citizenries you serve. Misapplied effort and misdirected criticism will get you nowhere. Don't let yourselves be misled by those who care nothing for the producer of the commodity you process. His interest should be uppermost in your mind, and continued prosperity for him will be your safest guaranty of a modicum of relief.

PUBLIC RESPONSIBILITY FOR CRIME CONTROL

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. SUMNERS of Texas. Mr. Speaker, recently I delivered an address entitled "Public Responsibility for Crime Control—The Individual Responsibility for Crime Control."

I ask the privilege of extending my remarks in the Record by including this address.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. SUMNERS of Texas. Mr. Speaker, under the leave to extend my remarks in the Record, I include the following address which I delivered before National Committee on Prisons and Prison Labor, January 8, 1935:

THE INDIVIDUAL RESPONSIBILITY FOR CRIME CONTROL

The time has come when we must realize that neither "they" nor "it" is the Government, but that the Government is you and I. We have no king; there is no hereditary nobility to govern us; there is nobody to govern this country except you and me, only the people. Nobody has any power except us, therefore nobody has any responsibility except you and me for the control of crime or for any other governmental matter.

We are in the difficulties we are in now because we have lost sight of that fact. We turned the Government over to professional politicians. We surrendered economic control to supposed-to-be captains of industry. We have failed to give to our Government its only possible safe guide, an advised, intelligent public opinion. Some of us are foolish enough to believe that the President and a few persons who happen to be Members of Congress are going to be able to solve our problems, will get all the benefit, all the development which comes from the struggle with our present economic and governmental difficulties. Our difficulties have come to give us a great people, not a few great leaders; besides only a great people make great leaders possible.

Under a normal appreciation of the facts of our circumstances and with corresponding consciousness of the responsibility which flows from these facts, my subject would be a perfectly silly one.

If I were asked when we are going to win through our difficulties, I could answer with all assurance, just as soon as we are made fit to win, and not until then. Only a great people can win this time. When the World War ended we were tired of fighting; we were tired of struggling, and apparently we were tired of thinking; we were tired of responsibility; we were tired of governing. We were tired of being grown men and women, and we seemed to have got the notion that we were not only the wisest generation that had ever lived, but that we were wiser than all the generations which had ever lived. The lessons, the warn-

ings, the guidance, the wisdom, the inspiration, the results of actual experience which had been garnered from the ages came to be old-fashioned and out-of-date. Even the masterpieces of music which had thrilled and charmed and elevated the souls of the generations that had gone before were thrown into the discard. We ushered in the grand and glorious age of jazz. Not only of music but of literature, of philosophy, and of what passed for thinking with education, religion, statesmanship, and private living not free from its influence. To a large degree those who in any time of sound thinking and of a normal sense of responsibility would have attracted only that attention which a silly fool attracts were accepted as our leaders. Actually we had all tried to get young, and, in effect, succeeded only in getting silly. The world has never witnessed such a tragic comedy as that procession of the people following this new leadership, who were parading as their own creations discarded theories which they had dug from the junk heap of the world's failures.

Fundamentally that is why we are where we are. That is why we have this supergovernment of crime and the terrible governmental mess in which we are involved. We have been going places and going fast, everybody with a horn, blowing and whooping it up. We are at the end of the road. We have jazzed off into the jungles. We are still trying to find a boulevard to go out on. As certain as there are plans and laws which govern human conduct and fix human responsibility, we are going to have to strengthen our muscles and learn our lesson by cutting down the trees and going out over the stumps. There is no boulevard leading out from where we are.

We would not be warned by those who have sought to warn us, and we would not be instructed by the experience of others. Nature had no other alternative in such a situation than to let us go to the school of experience and pay for our instruction. History does not record so great a change in so short a time in the stamina and capacity of a people as has taken place among us during the last decade and a half. At the beginning of that time we occupied the highest point in courage, in patriotism, and in efficiency of every sort ever reached by any people. Now we lie soft; our strength, our self-reliance, our pride of independence, and our capacity all but lost because we have ceased to use it. Children learn to walk by walking. People learn to govern by governing.

Nature will not permit strength to remain where it is not used. Something had to happen; something has happened—that mystical, merciful agency which awakens the sleeping child and stirs him into action, which sends hunger to warn us it is time to eat, which sends oppression to drive to effort those who rather than struggle have submitted to tyranny—has come to our aid and come none too soon. In such a situation Nature has no delicacy in the choice of its instrumentalities. We had been warned. As generation after generation have traveled the road they had marked the way, they put up danger signals. Nature made that certain by fixing in human nature the instinct to write history. But we did not have time to read the signs. We were going places and going fast. We have arrived; we are at the end of the road. We would have lain down at the end of the road and died, but it is not written in the book of destiny that we be permitted to do it. We are being driven by the lash to the discharge of rejected duty.

Civilizations are not accidents; governments are not accidents. There are natural laws for their development, guidance, and direction. Rewards and punishments are provided. One of the punishments which has been provided for us, one of the instrumentalities which has been provided to bestir us from a fatal sleep is the intolerable condition created by the supergovernment of crime. The development of this supergovernment has not been accidental either. It is not a cause. It is a result. It provides necessity for action on the part of the people and thereby provides the opportunity for regaining a part of our lost strength—our lost governmental capacity. We had better get on the job.

There is no other public service which gives to the individual citizen a development and fitness for civic service comparable to that which is given to the individual citizen, who, responding to the call of duty meets the challenge of crime in his own community; courage, patriotism, self-reliance, all the virtues and elements of governmental capacity are put to exercise and thereby made to grow. This challenge of crime is not our misfortune. It is our opportunity. From a successful struggle of the people with organized and commercialized crime of today they may hope to become strong enough to go forward to a successful struggle with their far greater economic and governmental difficulties. Only a people who have regained their governmental capacity, regained their love for their country as distinguished from what they hope to get from its Treasury, regained their self-respect, regained their ability to think, can win through the barrier of difficulties which confront us today. We have no time to lose.

As individuals we have had our thinking machines in cold storage since the war. Others are supposed to have been doing our thinking for us—captains of industry who have been building up in this country an economic feudalism; politicians doing our political thinking—many of them copartners with crime. We are beginning to think. It is a dangerous time when people begin to think, but it is a hopeful sign. When we consider what our attitude is now toward these overlords of crime and toward public officials who are copartners with them, and recall that just a short while ago we laughed and joked about these things, we find we are making some progress. It was just a short time ago when leading newspapers of the country gave respectful notice to the meetings and divisions of territory and the doings of these criminal

nals. Known copartnerships of public officials with them did not create disqualification for office in many communities. We are moving in the right direction; we are beginning to think—in the kindergarten grade, it is true. We are still thinking largely as little children think on Christmas Eve. A good many grown people are expecting Uncle Sammy Santa Claus to come down the chimney, free them from the domination of crime, bring a solution for our governmental problems, and fill their stockings and keep them full.

Many people still cling to the notion that there is in this country a creature called the "Government", which lives and moves and has its being as a sort of detached, self-determining, self-operated, and self-sustaining thing which does our thinking for us and does our governing for us, and acts as a sort of universal Santa Claus from which our States and cities and ourselves get things for nothing. Not little children but grown people have such a notion. With such a childish conception, nothing can be done yet toward the solution of our governmental and economic problems. These difficulties have come not to challenge a President and a few other public officials but to bestir and redeem the people of this Nation. Nothing short of an awakened, regenerated, invigorated, self-reliant people possessed of governmental capacity will be able to win through.

When we think a little further we will discover that every penny which comes from the Government must come from us first, with two pennies perhaps coming from us before we can get back one from the Government, because the great army of people who receive, administer, and distribute must be paid from that which comes from us before we can get any of it back. And when we think a little further we will discover that when we put away our own thinking machines, when we refuse the responsibility of governing ourselves, when we deny to Government its only possible safe guide—an advised public opinion—when we turn over to others responsibilities which nature has provided for our development, we must pay such a price as we are paying now. If we refuse to accept the responsibility incident to freedom, we cannot escape the yoke of the slave.

No people ever remained free who lost the ability to defend their liberty, and no people ever retained the power of self-government who were not willing to do those things which came within their capacity as individuals and as members of communities. It is a serious matter, of course, for the Government of a people to become financially bankrupt, but the bankruptcy of capacity to govern a people once capable of self-government, who surrender to the temptation of ease and indifference, is the supreme tragedy which marks the end of free government. We have already passed the margin of safety. There is no profit in getting nervous about our situation, and certainly no profit in deceiving ourselves about it either.

What is happening in Washington is relatively unimportant. The thing of importance is what is happening to the thinking and governmental capacity of the people. We could repeal our laws, nullify the Constitution, and tear down the Capitol, but if the capacity of the people to govern lives they could rebuild; but if the capacity of the people to govern is lost, free government dies and the dictator and firing squad become the instrumentalities of arbitrary power. History leaves no grounds for argument.

The people are beginning to think. They are becoming restive under the restraints of the present emergency policy of government. That is a good sign. When the whole economic structure was about to tumble it was necessary to give to our governmental machinery a greater strength and quicker pick-up than is ordinarily required.

That was done as it had not infrequently been done in Anglo-Saxon governmental history by concentrating emergency power in the executive to meet an emergency, but nothing could be more absurd than the notion that such an arrangement would be tolerated by Anglo-Saxon people as a permanent policy of government. Whether we shall have a grand smash or normal recovery will be determined by whether we regain our purpose and our power to operate a system of self-government in which a democracy of opportunity makes a democracy of government possible, before we shall have exhausted the ability of the Federal Government to provide artificial stimulants to keep things going. Nothing else can determine that.

Much of our basis for hope is in the fact that the people are beginning to meet this challenge of crime. This is the first major sign of the revival of civic decency and of governmental capacity. There are other hopeful signs. Any audience will listen now to serious discussions. That is a new thing. States are asking Congress for the right to form compacts to work out governmental problems of mutual concern. That is a good sign. After the formative period of a national government, among a self-governing people, all true progress must be in that direction which puts the power to govern and the necessity to govern closer and closer to the people.

Nature has no concern with the development of Government per se. Its concern is with the development of people. Its plan for their development is through the struggle. Difficulties constitute the gymnastic paraphernalia. Necessity compels exercise in that gymnasium. Nature does not consult; it commands. Our only choice is between reward and punishment. If we will not learn from the experience of others, we must be taught by our own experience. There is but one avenue of escape from such punishment and that leads in the direction of our opportunity to make this the greatest of all generations, because ours are the greatest difficulties perhaps of all times.

This movement of the people against crime is not limited in its importance by its effect upon crime. Its effect upon the capacity and the fitness of the people is of incomparably greater importance. This movement of the people against crime gives hope that we may be able successfully to meet not only this crime problem but with a citizenship fresh from the victory over organized crime, strengthened and developed and made fit by that contest, we may move on to a successful struggle with the greatest economic and governmental problems which up to this time have ever challenged the genius of any people.

COST OF ADEQUATE, GENUINE UNEMPLOYMENT, OLD-AGE AND SOCIAL SECURITY—SOURCES OF REVENUE FOR FINANCING THE LUNDEEN WORKERS' BILL, H. R. 2827

Mr. LUNDEEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including therein a statement from the Department of Labor as to the cost of social insurance as reported at a hearing of the Committee on Labor.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. LUNDEEN. Mr. Speaker, many of our good friends, who are favorable in principle to the payment of average local wages or not less than \$10 per week plus \$3 for each dependent for unemployment, old-age, and social insurance, are asking: "What about the cost; and where can you get the money to pay for it?"

The hearings on H. R. 2827 recently held by the House Labor Subcommittee answer the question. They show that the Lundeen bill is not only an adequate but also a practical measure. By referring to the index of the hearings, Members of this House can find under the heading "Costs of H. R. 2827" the complete evidence presented in support of the statements I now wish to make.

SUMMARY OF ESTIMATED COST

To determine the cost of the social insurance which would be provided in H. R. 2827 requires several estimates, which should be used with caution. In the first place, the United States has no current basis for ascertaining accurately the number of unemployed.

The second and more important point requiring caution relates to the estimate of the effect of social insurance upon purchasing power, and its consequent results in decreasing the amount of unemployment through stimulation of reemployment. No experience in this country is available to indicate the extent to which an increase in consumers' purchasing power for those in the lower income groups would stimulate production and increase employment.

If it is assumed, however, that the entire amount of benefits paid under the provisions of this bill would appear in the market as new purchasing power, economists have calculated that 60 percent of this total would become available as wages and salaries. Therefore, on the basis of given average wages and salaries, it can be estimated how many persons could be reemployed, and this would result in a corresponding decrease in the number of unemployed eligible for benefits, and therefore in a reduction of costs.

Having in mind the above cautions, it may be said at once that if there be 10,000,000 unemployed, the annual gross cost, after taking care otherwise of those who should receive old-age pensions and those who are unemployed because of sickness or disability, and eliminating those under 18 years of age, to whom the bill does not apply, would be \$8,235,000,000. Deducting from this the estimated decrease in the cost of unemployment insurance on account of the reemployment of workers following the establishment of a social-insurance program, \$6,090,000,000, and adding to it the cost of old-age pensions, sickness, disability, accident, and maternity insurance, and deducting present annual expenditures for relief amounting to \$3,875,000,000, we would have a net annual increase for the Federal Government imposed by the provisions of the bill amounting to \$4,060,000,000.

If the number of unemployed be equal to the average number estimated as unemployed in 1934, as 14,021,000, then the annual net increase in cost, after deducting present expenditures for relief and estimating the reemployment which

would follow adequate social insurance, would be \$5,800,000,000.

The estimate of total costs of the program for social insurance under the bill should be compared with the amount that workers have lost in wages and salaries since the beginning of the depression. According to estimates published in the Survey of Current Business for January 1935, total income paid out to labor since 1929 was as follows (in millions):

	1929	1930	1931	1932	1933
Total income.....	\$52,700	\$48,400	\$40,700	\$31,500	\$29,300
Loss from 1929.....		4,300	12,000	21,200	23,400

The total loss to workers in wages and salaries in the first 4 years of the depression has amounted to \$60,900,000,000. It is with these huge losses sustained by American workers during these 4 years that the costs of security provided by the bill should be compared. Furthermore, considering the inadequacy of present relief measures, it must be realized that the cost of truly adequate relief would be the cost of this bill.

AUTHORITY FOR ESTIMATES

These estimates of the cost of an adequate unemployment, old-age, and social-security program are based on the statement of Dr. Joseph M. Gilman, economist of the College of the City of New York, who testified at the hearings held by the House Labor Subcommittee, representing the Interprofessional Association for Social Insurance. In accordance with permission granted me, I will now submit for the RECORD portions of Dr. Gilman's statement, taken from the hearings.

The first excerpt from Dr. Gilman's statement shows the estimated cost of the Lundeen bill on a basis of 10,000,000 unemployed, and may be found on page 585 of the hearings.

Cost of 10,000,000 unemployed

Number of persons unemployed (hypothetical).....	10,000,000
Deductions:	
1. Estimated number of unemployed under 18 years of age (basis 1930 census).....	320,000
2. Estimated number of unemployed who will replace workers 65 years of age and over retiring on old-age pensions.....	2,250,000
3. Estimated number unemployed because of sickness or disability.....	250,000
Balance of unemployed.....	7,180,000
I. Annual cost of unemployment insurance (7,180,000 by \$1,147).....	\$8,235,000,000
II. Estimated decrease on account of reemployment of workers, following establishment of social-insurance program.....	6,090,000,000
III. Annual net cost of unemployment insurance.....	2,145,000,000
IV. Annual cost of old-age pensions.....	4,535,000,000
V. Annual cost of sickness, disability, and accident insurance.....	1,200,000,000
VI. Annual cost of maternity insurance.....	55,000,000
VII. Total annual cost.....	7,935,000,000
VIII. Present annual expenditures.....	3,875,000,000
IX. Annual net increase in cost.....	4,060,000,000

Cost for 14,021,000 unemployed

On a basis of 14,021,000 unemployed in 1934, the estimated cost is as follows:

Average number of persons unemployed in 1934, all ages.....	14,021,000
Deductions:	
1. Estimated number of unemployed under 18 years of age (basis 1930 census).....	550,000
2. Estimated number of unemployed who will replace workers 65 years of age and over retiring on old-age pension (see above).....	2,250,000
3. Estimated number unemployed because of sickness or disability (see above).....	250,000
Balance of unemployed.....	10,971,000

Deductions—Continued.

I. Annual cost of unemployment insurance (10,971,000 by \$1.147 (see p. 586))	\$12,584,000,000
II. Estimated decrease on account of reemployment of workers, following establishment of social-insurance program (see p. 589)	8,699,000,000
III. Annual net cost of unemployment insurance	3,885,000,000
IV. Annual cost of old-age pensions (see p. 586)	4,535,000,000
V. Annual cost of sickness, disability, and accident insurance (see p. 588)	1,200,000,000

Deductions—Continued.

VI. Annual cost of maternity insurance (see p. 588)	\$55,000,000
VII. Total annual cost	9,875,000,000
VIII. Present annual expenditures (see p. 589)	3,875,000,000
XI. Annual net increase in cost	5,800,000,000

COST OF DEPRESSION TO LABOR

These estimated costs should be compared with the huge annual losses suffered since 1929 by labor.

Estimated annual wage loss of unemployed in 1934

[Based on average annual wage and salary rates for 1932 in National Income Report¹]

Industry	Unemployed (in thousands)			Annual wage or salary			Loss of earnings (in millions)		
	Wage earners	Salary earners	Not classified	Wage earners	Salary earners	Not classified	Wage earners	Salary earners	Not classified
Agriculture	1,847			\$648			1,196.9		
Mines and quarries	231	18		909	\$2,210		210.0	39.8	
Electric light and power and manufactured gas			73			\$1,339			97.7
Manufacturing	2,245	643		876	2,241		2,054.2	1,441.0	
Construction	959	108		1,151	2,297		1,103.8	248.1	
Transportation			1,409			1,409			1,985.3
Communication			253			1,320			334.0
Wholesale and retail		2,200			1,245			2,739.0	
Finance		427			1,853			836.1	
Government:									
(a) Excluding public education		99			1,477			146.2	
(b) Public education		185			1,400			259.0	
Service:									
(a) Recreation			208			1,382			287.5
(b) Personal			460			1,045			480.7
(c) Domestic			1,123			670			752.4
(d) Professional			373			1,416			528.2
(e) Miscellaneous			79			1,105			87.3
Miscellaneous industries			871			1,285			1,119.2
Total	5,382	3,680	4,849				4,564.9	5,709.2	5,672.3
Total wage and salary loss									\$15,995,400,000
Unemployed entrepreneurs (110 at annual average loss, \$973)									126,200,000
Total									16,072,600,000
Average loss									1,140

¹73d Cong., 2d sess., S. Doc. No. 124, National Income, 1929-32.

²1929 rate; 1932 rate only \$352.

COST OF OLD-AGE PENSIONS

The following tables show the number of people eligible for old-age pensions and the estimated cost:

I. (a) Number of persons aged 65 and over (1930 census)	6,634,000
(b) Estimated number of persons aged 65 and over in 1934 (President's Committee on Economic Security Report, p. 24)	7,500,000
II. (a) Number of persons aged 65 and over, gainfully occupied (1930)	2,205,000
(b) Estimated number of persons aged 65 and over who were gainfully occupied in 1934 (average)	2,500,000
NOTE.—II (b) to II (a) in same ratio as I (b) to I (a).	
III. (a) Estimated number of gainfully occupied persons who would be eligible to retire upon enactment of the workers' bill	2,250,000
NOTE.—10 percent allowance for entrepreneurs of substantial means (U. S. Census estimate, letter to Committee, IPA, Dec. 3, 1934).	
IV. (a) Nongainfully occupied persons aged 65 and over (I (b)—II (b))	5,000,000
(b) Estimated number eligible for old-age pensions (males, 1,422,000; females, 3,078,000)	4,500,000
NOTE.—10 percent allowance for those of substantial means.	
V. (a) Number of gainfully occupied persons in III (a) (2,250,000) plus husbands or wives aged 65 and over (777,000, or V (e)+V (g)) or (V (b)+V (c)+V (e)+V (g)) ¹	3,027,000
(b) Gainfully occupied males (less entrepreneurs)	1,950,000
(c) Gainfully occupied females	300,000
(d) Gainfully occupied males, married	1,242,000
(e) Gainfully occupied males, married, whose wives are 65 and over (assumed not gainfully occupied)	673,000
(f) Gainfully occupied females, married	104,000
(g) Gainfully occupied females, married, whose husbands are 65 and over (assumed not gainfully occupied)	104,000

¹All figures in V and VI are estimated from ratios derived from 1930 Census.

VI. (a) Balance of married persons among nongainfully occupied ((d)+(e))	1,237,000
(b) Balance of males (1,422,000—104,000) (IV (b)—V (g))	1,318,000
(c) Balance of females (3,078,000—673,000) (IV—V (a))	2,405,000
(d) Married males in VI (b) { whose =1,237,000 above }	802,000
(e) Married males in VI (b) { wives are 65 and over }	435,000

Of the 4,500,000 in IV (b), these have been accounted for:

(1) Wives, 65 and over, of gainfully occupied males (assumed not gainfully occupied) (V (e))	673,000
(2) Husbands, 65 and over, of gainfully occupied females (assumed not gainfully occupied) (V (g))	104,000
(3) Balance nongainfully occupied males 65 and over, married (VI (d))	802,000
(4) Balance nongainfully occupied females 65 and over, married (VI (e))	435,000
Not yet accounted for:	
(5) Nongainfully occupied widows, widowers, divorced, single persons, aged 65 and over	2,486,000

ANNUAL COST OF OLD-AGE PENSIONS

A. Number of gainfully occupied workers aged 65 and over, eligible for old-age pensions at annual average rate of \$1,200 per annum (\$1,199 average annual rate, 1932, 1929-32 National Income Report)	2,250,000
B. Number of married couples nongainfully occupied, husband or both 65 or over	802,000
C. Number of unmarried persons 65 or over	2,486,000
Annual pension, \$676 (\$10 plus \$3 per week).	
Annual pension, \$520 (\$10 per week).	
Cost of A	\$2,700,000,000
Cost of B	542,000,000
Cost of C	1,293,000,000
Total	4,535,000,000

COST OF SICKNESS, ACCIDENT, AND DISABILITY INSURANCE

Class C, 1930 Unemployment Census (persons out of a job and unable to work on account of sickness or disability)	172,661
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NOTE.—Would assume 250,000 since census figures are out of line with other experience.

Class D, 1930 Unemployment Census (persons having jobs, but idle on account of sickness or disability)-----	273, 588
Total-----	446, 249

NOTE.—According to report of President's Committee on Economic Security, which states that 2.25 percent of all industrial workers are at all times incapacitated, it would seem that the total of 446,249 badly underestimates the amount of sickness and disability.

Class C type-----	250, 000
Class D type-----	750, 000
	1, 000, 000
Cost of sickness, accident, and disability insurance (1,000,000×\$1.200)-----	1, 200, 000, 000

NOTE.—\$1.199 average annual wage or salary in 1932 (National Income Report 1929-32).

COST OF MATERNITY INSURANCE

Number of gainfully occupied married women between ages 15 and 44 (1930 census)-----	2, 425, 000
Number of married women between ages 15 and 44 (1930 census)-----	17, 836, 000
Birth rate per 1,000 population (1930)-----	18.9
Birth rate per 1,000 married women (above)-----	137.0
Number of births per annum to gainfully occupied married women (on above basis)-----	332, 000
Probable number of births-----	150, 000
Annual cost for 16-week benefit (150,000×\$369) (\$369=12/12×\$1,200)-----	\$55, 000, 000

NOTE.—\$1.199 average annual wage, 1932, National Income Report, 1929-32.

PRESENT COST OF UNEMPLOYMENT RELIEF

It should be made clear that the cost of the Lundeen bill will not be over and above present expenditures for relief, but will replace these expenditures. At the present time, according to Dr. Gilman's statement, the costs of unemployment relief are as follows:

I. Federal Government (source of statistics: General Budget Summary, Treasury Department, estimated expenditures for year ending June 30, 1935, schedule 3):	
(1) Federal Emergency Relief Administration-----	\$1, 733, 208, 700
(2) Civil Works Administration-----	13, 842, 100
(3) Emergency conservation-----	402, 363, 000
(4) Relief of unemployment-----	100, 000, 000
Public works:	
(3) Loans and grants to municipalities-----	166, 300, 000
(5) Public highways-----	428, 600, 000
Total expenditures of a relief character-----	2, 844, 313, 800
II. State and city (basis: Federal Emergency Relief Administration reports)-----	400, 000, 000
Total unemployment relief-----	3, 250, 000, 000

PRESENT COST OF OLD-AGE RELIEF

Present expenditures by National, State, and local government bodies for old-age relief may also be deducted from the additional cost of the Lundeen bill. Present old-age expenditures are as follows:

1. Federal Government to veterans and widows (report of Administrator of Veterans' Affairs, 1933)-----	\$235, 000, 000
2. State old-age assistance (President's Committee on Economic Security)-----	43, 000, 000
3. Industrial and trade-union pensions (President's Committee on Economic Security)-----	100, 000, 000
4. All other (rough estimate)-----	50, 000, 000
Total-----	428, 000, 000

PRESENT COST OF SICKNESS, DISABILITY, AND ACCIDENTS

The National Safety Council estimates for 1932 that wage loss from occupational disabilities was \$370,000,000. Compensation for such loss is estimated as \$200,000,000.

TOTAL PRESENT ANNUAL EXPENDITURES FOR RELIEF

Dr. Gilman's estimate of the total present cost of relief for unemployment, old age, and sickness at the present time is \$3,875,000,000. This is based on the tables just presented.

REDUCTION IN COST OF WORKERS' BILL FOLLOWING PASSAGE

The estimates just given of the cost of the workers' bill represent the cost for the first year. The following tables show the estimated decreases in the cost following enact-

ment of the measure, resulting from increased purchasing power.

The first table shows the total national income and the fraction of that income which is paid out in wages. Below that is the ratio of salaries and wages to income produced on a percentage basis.

Year	National income (excluding Government) ¹	Salaries and wages (excluding Government) ¹
1929-----	\$76, 500, 000, 000	\$45, 300, 000, 000
1930-----	63, 500, 000, 000	40, 600, 000, 000
1931-----	47, 800, 000, 000	32, 900, 000, 000
1932-----	34, 000, 000, 000	23, 700, 000, 000
1933-----	36, 300, 000, 000	21, 900, 000, 000

¹ National Income, 1929-32; National Income, 1933; Survey Current Business January 1935.

Ratio of salaries and wages to income produced

1929-----	0.592
1930-----	.639
1931-----	.683
1932-----	.679
1933-----	.603
1934 (estimate)-----	.600
Total insurance benefits payable (annually) under workers' bill (p. 585, I+IV+V+VI)-----	\$18, 374, 000, 000
Present expenditures for relief, old age, etc-----	3, 875, 000, 000
Increase in purchasing power of lower income classes upon passage of workers' bill-----	14, 499, 000, 000
Increase in annual demand for consumers' goods (100 percent assumed) (see Brookings Institute, America's Capacity to Consume, p. 84)-----	14, 499, 000, 000
Increase in annual wages and salaries to meet increased demand for goods (decrease in cost of unemployment insurance) (80 percent of \$12,590,000,000) (ratio of salaries and wages to income produced, 1934, above)-----	8, 699, 000, 000
Annual net increase in cost-----	5, 800, 000, 000

SOURCES OF FUNDS

Now I wish to answer the question often asked: "Where will you get the money for this program?"

It has been pointed out that an important difference between H. R. 2827, the Lundeen bill, and other proposals is in the source of funds. Other proposals—including the Doughton bill—depend on the building up of reserves in advance of payment of benefits, these reserves to be secured by a tax on pay rolls. Several serious objections are made to this method. In an article in the *Annalist*, published by the New York Times on February 22, 1935, by Elgin Groseclose, professor of economics, University of Oklahoma, under the title, "The Chimera of Unemployment Reserves Under the American Money System", attention is called to the provisions in H. R. 4120 in these words:

The Wagner bill, as introduced in Congress, sets up in the Federal Treasury an "unemployment trust fund", in which is to be held all moneys received under the provisions of the act, and directs the Secretary of the Treasury to invest these moneys, except such amount as is now required to meet current withdrawals, in a defined category of obligations of the United States or obligations guaranteed as to both principal and interest by the United States.

The *Annalist* article summarizes the objections to these reserves for unemployment insurance as follows:

(1) Financial reserves can be effective only in cases where contingencies can be calculated and determined by actuarial methods and where these contingencies arise in sufficient regularity to permit the arrangement of reserves in accordance therewith. (2) The incidence of depressions are irregular and unpredictable, and hence defy actuarial procedure. (3) Purchasing power cannot be stored up en masse under our money system, which is a system of debt, rather than metallic circulation. (4) The attempt to create unemployment reserve will intensify booms. (5) Unemployment reserves are incapable of mobilization when needed and any attempt to mobilize them will only result in further intensification of depressions.

Testimony before the Committee on Labor on the Lundeen bill (H. R. 2827) brought out the further objection that a tax on pay rolls is a tax on cost of production which is passed on to the consumer in higher prices to all consumers and to workers in lower wages as well as in higher prices to them as consumers. Thus it tends to reduce rather than to expand purchasing power, causing in itself recurrent industrial depression which arises out of the failure of con-

sumption to keep pace with production, or a disproportion between money available for consumers' purchases and funds available for investment in increased production.

Moreover, these reserves, even if they could be accumulated without these disastrous effects upon consumers' purchasing power, and upon the monetary system, would be inadequate to cover more than a fraction of needs. The Commissioner of Labor Statistics and Senator ROBERT F. WAGNER (in radio addresses on Mar. 7) have estimated that if H. R. 4120 had been in effect from 1922 there would have been set aside by 1934 the sum of \$10,000,000,000; yet, the figures on the national income published by the Department of Commerce show that in 4 of those years workers lost \$60,000,000,000 of wages and salaries. Thus, even if reserves seem to involve saving the Treasury from obligation, as a matter of fact, they leave unsolved the real problem of protecting workers against the destitution of mass unemployment.

As the only adequate solution of the problem, and to avoid the unsound idea of setting aside reserves, the funds required in H. R. 2827 are made an obligation upon existing wealth and current higher incomes of individuals and corporations. These sources may be indicated as follows:

FIRST. INCOME TAXES OF INDIVIDUALS

If the United States were to apply merely the tax rates of Great Britain upon all individual incomes of \$5,000 or over, a considerable sum would be available for social insurance. These rates in 1928 would have yielded the Federal Government five and three-fourths billion dollars as against slightly over one billion actually collected. In 1932, a year of low income, we would have collected on the same basis \$1,128,000,000, as against the actual receipts of \$324,000,000.

SECOND. CORPORATION INCOME TAX

Compared with other countries, also, our corporation tax is very low. Taking a flat rate of 25 percent, we would have raised in 1928 the amount of \$2,600,000,000 instead of \$1,200,000,000.

THIRD. INHERITANCE OR ESTATES

Here again the United States is very lenient. In 1928, on a total declared gross estate of three and one-half billion dollars, the total collected by Federal and State taxes was only \$42,000,000, or a little over 1 percent. If an average of 25 percent were taken, this would have been raised in 1928 to \$888,000,000.

FOURTH. TAX-EXEMPT SECURITIES

Exact figures on the total are not available, but here is an important source of large additional returns which should be available for the general welfare.

FIFTH. TAX ON CORPORATE SURPLUS

In 1928, the corporate surplus, representing the accumulation by corporations of funds which had not been distributed to labor and capital, amounted to \$47,000,000,000, and even in 1932 it was over thirty-six billions. Made possible as it is by the cooperation of labor and capital, this surplus which is now set aside to meet capital's claims for exigencies certainly should be also a source of funds for labor's social insurance in the exigencies of unemployment. The Department of Commerce has showed in its study of the national income that labor has lost a larger percent of its earned income in the depression than capital has lost in interest charges, because capital has been sustained by drawing both on current income and on accumulated surplus. The great economist, Adam Smith, 150 years ago, called the industrial system a "collective undertaking." Thus it is both logical and just to provide a tax on corporate surpluses as a source for social insurance.

In support of my statements here, I wish again to offer portions of the statement submitted to the House Labor Subcommittee by Dr. Joseph M. Gilman. The first table estimates the funds available for unemployment, old-age, and social insurance. Please note that all figures in this table are in thousands. This table may be found on page 64 of the hearings.

[Figures in thousands]

Source	1933	1932	1928
I. Individual income¹			
Estate tax, 50 percent of gross	\$1,129,277	\$1,127,773	\$5,787,093
Corporate tax, net income 25 percent ²	1,030,478	1,415,194	1,777,135
Corporate tax, net surplus, 25 percent ³	626,520	538,278	2,615,273
Expenditures on war preparations	750,000	9,019,881	11,789,045
Total		12,101,126	21,908,522
II. Individual income¹			
Estate tax, 75 percent of gross	1,129,277	1,127,773	5,787,093
Corporate tax, net income, 25 percent ²	1,443,717	2,122,791	2,665,701
Corporate tax, net surplus, 25 percent ³	626,520	538,278	2,615,273
Expenditures on war preparations	750,000	10,823,858	14,146,855
Total		14,612,700	25,214,897

¹ Estimated on graduated scale approximating British tax rate but higher than the British rate for incomes from \$500,000 to \$5,000,000.

² This should be a graduated tax averaging 25 percent.

³ Surplus and undivided profits less deficit: 1932, 36,079 millions; 1928, 47,156 millions.

⁴ As of Aug. 1, 1934.

NUMBER OF MILLIONAIRES DOUBLE

The sources of funds from income taxes in the higher brackets is greater today than it was a year ago. This is shown by the income-tax returns published by the Bureau of Internal Revenue. Dr. Gilman's tables, quoted below, show the number of income-tax returns made in the different income classes, and also the total amount of available revenue from that source.

Comparison of net income returns for 1932 and 1933¹

Net income classes	Number of returns	
	1932	1933
Up to \$5,000	3,420,995	3,339,602
\$5,000 to \$10,000	237,273	219,735
\$10,000 to \$25,000	77,045	74,626
\$25,000 to \$50,000	17,658	18,168
\$50,000 to \$100,000	5,644	5,927
\$100,000 to \$150,000	992	1,085
\$150,000 to \$300,000	589	693
\$300,000 to \$500,000	136	139
\$500,000 to \$1,000,000	80	81
Over \$1,000,000	20	46
Total returns filed to Aug. 31, 1932	3,760,402	
Total returns filed to Aug. 31, 1933		3,660,105

¹ Prepared by the research division of the Interprofessional Association for Social Insurance on the basis of the preliminary report entitled "Statistics of Income for 1933", submitted to the Hon. H. Morgenthau, Jr., Secretary of the Treasury, on Dec. 3, 1934.

² Incomes of less than \$25,000 declined in number of returns from 1932 to 1933. All income classes above \$25,000 increased in number of returns. Net incomes of \$1,000,000 or over increased 130 percent in number of returns.

ESTIMATES OF FUNDS AVAILABLE FROM INCOMES OVER \$5,000

Applying the income-tax rates suggested in the table below, \$4,622,814,000 additional revenue can be raised each year from individual incomes, and \$1,431,273,000 from corporation incomes. The figures for 1928 are as follows:

	Total net income reported	Tax rate	Revenue available
I. INDIVIDUAL RETURNS			
Income classes:		Percent	
\$5,000-\$10,000	\$4,282,520,000	16	\$685,203,000
\$10,000-\$15,000	1,953,395,000	22	429,747,000
\$15,000-\$20,000	1,213,787,000	24	292,509,000
\$20,000-\$25,000	865,670,000	30	259,701,000
\$25,000-\$50,000	2,326,503,000	35	814,276,000
\$50,000-\$100,000	1,857,878,000	40	743,151,000
\$100,000-\$250,000	1,745,403,000	45	785,431,000
\$250,000-\$500,000	926,079,000	55	509,343,000
\$500,000-\$1,000,000	670,861,000	65	436,060,000
\$1,000,000-\$5,000,000 and over	1,108,863,000	75	831,647,000
Total available			5,787,093,000
Tax collected			1,164,254,000
Additional revenue			4,622,814,000
II. CORPORATION RETURNS			
Income classes:			
Under \$1,000-\$2,999	181,420,000	10	18,142,000
\$3,000-\$4,999	119,482,000	15	17,922,000
\$5,000-\$9,999	211,525,000	25	52,881,000
\$10,000-\$24,999	467,605,000	25	116,901,000
\$25,000-\$99,999	1,055,074,000	25	263,768,000
\$100,000-\$499,999	1,753,943,000	25	438,485,000

	Total net income reported	Tax rate	Revenue available
II. CORPORATION RETURNS—continued			
Income classes—Continued.		Percent	
\$500,000 under \$1,000,000.....	\$898,405,000	25	\$224,601,000
\$1,000,000 under \$5,000,000.....	2,119,926,000	23	529,981,000
\$5,000,000 and over.....	3,810,359,000	25	952,589,000
Total.....			2,615,273,000
Tax collected.....			1,184,000,000
Additional returns.....			1,431,273,000

Returns of corporations submitting balance sheets, 1928 (all returns): ¹	
Tax-exempt securities.....	\$10,116,160,404
Surplus.....	52,069,292,140
Net surplus (after deduction of deficit).....	47,156,183,422

TAX INCOME, 1932

The following table shows the available revenue from individual incomes for 1932:

	Total net income reported	Tax rate	Revenue available
I. INDIVIDUAL RETURNS			
Income classes:		Percent	
\$5,000-\$10,000.....	\$1,677,039,000	16	\$268,326,000
\$10,000-\$15,000.....	595,573,000	22	131,026,000
\$15,000-\$20,000.....	329,512,000	24	79,083,000
\$20,000-\$25,000.....	235,312,000	30	70,594,000
\$25,000-\$30,000.....	629,638,000	35	220,373,000
\$30,000-\$35,000.....	393,206,000	40	157,282,000
\$35,000-\$40,000.....	216,625,000	45	97,481,000
\$40,000-\$45,000.....	73,747,000	53	39,561,000
\$45,000-\$50,000.....	57,874,000	65	37,618,000
\$50,000-\$55,000 and over.....	35,239,000	75	26,429,000
Total available.....			1,127,773,000
Income tax collected.....			324,745,000
Additional revenue.....			803,028,000

AVAILABLE INCOME FROM CORPORATE INCOMES, 1932

1. Returns of corporations submitting balance sheets for 1932 (all returns): ²	
Cash (in till or deposits in bank).....	\$15,917,202,000
Investments, tax-exempt.....	11,916,864,000
Investments other than tax-exempt.....	75,630,257,000
Surplus and undivided profits.....	45,663,746,000
Net surplus (less deficit of \$9,584,221,000).....	36,079,525,000
2. Returns of corporations showing net incomes (1932):	
Total gross income.....	\$31,707,963,000
Total net income.....	\$2,153,113,000
Income tax.....	245,689,000
Available revenue at flat 25-percent rate.....	538,278,000

TAX INCOME, 1933

	Total net income reported	Tax rate	Revenue available
I. INDIVIDUAL RETURNS			
Income classes:		Percent	
\$5,000-\$10,000.....	\$1,477,827,000	16	\$236,452,000
\$10,000-\$15,000.....	559,850,000	22	123,167,000
\$15,000-\$20,000.....	310,246,000	24	74,459,000
\$20,000-\$25,000.....	226,778,000	30	68,033,000
\$25,000-\$30,000.....	621,182,000	35	217,414,000
\$30,000-\$35,000.....	394,766,000	40	157,906,000
\$35,000-\$40,000.....	240,681,000	45	108,306,000
\$40,000-\$45,000.....	81,253,000	55	44,689,000
\$45,000-\$50,000.....	59,511,000	65	37,682,000
\$50,000-\$55,000 and over.....	81,559,000	75	61,169,000
Total.....			1,129,277,000
Tax collected.....			372,968,000
Additional revenue.....			756,309,000

II. CORPORATION RETURNS (TAX INCOME, 1933)

Total net income reported.....	\$2,506,078,279
Income tax.....	347,649,990
Excess-profits tax.....	6,266,721
Total.....	\$353,916,361
Available revenue at flat 25-percent rate.....	626,520,000

¹ Statistics of Income, 1928, p. 32.² Statistics of Income, 1932, p. 160.³ Statistics of Income, 1932.

The following tables show revenue available from estate taxes:

Estate tax as source of revenue

	Jan. 1-Dec. 31, 1928	Jan. 1-Dec. 31, 1932	Jan. 1-Dec. 31, 1933
Gross estate.....	\$3,554,270,000	\$2,830,388,000	\$2,060,953,000
Tax paid.....	\$41,959,000	\$23,674,000	\$61,415,000
Percent to gross.....	1.1	0.8	2.9
Net estate.....	\$1,992,503,000	\$1,423,437,000	\$828,302,000
Tax paid.....	\$41,959,000	\$23,674,000	\$61,415,000
Percent to net.....	2.1	1.7	7.4

REVENUE AVAILABLE

	Average 25 percent	Average 50 percent	Average 75 percent
Gross estate:			
1928.....	\$888,567,000	\$1,777,135,000	\$2,665,701,000
1932.....	707,597,000	1,415,194,000	2,122,791,000
1933.....	515,239,000	1,030,478,000	1,545,717,000
Net estate:			
1928.....	498,126,000	996,252,000	1,494,378,000
1932.....	355,859,000	711,718,000	1,067,577,000
1933.....	207,075,000	407,150,000	621,225,000

Comparison of American and European income-tax rates

[Conversion units: 1 pound=\$4.86; France, 1 franc=\$0.0392; Germany, 1 mark=\$0.2382]

	Percent of tax to net income			
	United States	Britain	France	Germany
\$1,000.....	0	0.88	3.38	7.90
\$2,000.....	0	5.57	8.51	15.84
\$3,000.....	0.07	10.38	12.20	18.11
\$5,000.....	2.00	14.22	17.15	21.59
\$7,500.....	3.40	16.29	22.02	26.02
\$10,000.....	4.80	18.62	25.25	29.89
\$15,000.....	6.80	22.95	31.26	34.46
\$25,000.....	10.03	29.47	38.04	39.73
\$50,000.....	17.20	39.30	47.43	45.13
\$100,000.....	30.01	48.10	53.65	47.44
\$500,000.....	52.72	61.58	53.93	49.49
\$1,000,000.....	57.11	63.91	53.97	49.74

Source: New Republic, Jan. 24, 1934.

American and European death taxes

[Source: Preliminary report of Subcommittee on the Committee on Ways and Means, relative to Federal and State taxation and duplication therein (1933), p. 237]

	United States	Great Britain
\$1,000.....	0	1
\$5,000.....	0	3
\$10,000.....	0	3
\$15,000.....	0	3
\$25,000.....	0	4
\$50,000.....	0	5
\$100,000.....	1.5	9
\$150,000.....	3.33	12
\$200,000.....	4.75	14
\$300,000.....	6.50	17
\$400,000.....	7.62	19
\$500,000.....	8.50	21
\$600,000.....	9.25	23
\$800,000.....	10.66	25
\$1,000,000.....	11.75	27
\$2,000,000.....	15.77	33
\$3,000,000.....	18.45	37
\$5,000,000.....	22.99	41
\$10,000,000.....	30.94	51

Conversion: £1=\$4.86.

These facts and figures, and the testimony of many other experts and economists and leaders of thought can be found in the hearings on the Lundeen bill (H. R. 2827). They show conclusively that the cost of the workers' bill is well within the ability of the United States Treasury to pay, and if we will raise our income- and inheritance-tax rates to the level of the British rate, we can raise the necessary funds. I hope that Members of this House will study these facts and figures and give their support to the Lundeen workers' unemployment, old-age, and social-insurance bill (H. R. 2827).

¹ 14.1 percent.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. RANDOLPH, for Saturday, April 13, on account of important business.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H. R. 6359. An act to amend certain provisions relating to publicity of certain statements of income.

ADJOURNMENT

Mr. DOUGHTON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 3 minutes p. m.) the House adjourned until tomorrow, Saturday, April 13, 1935, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. COCHRAN: Committee on Coinage, Weights, and Measures. H. R. 5914. A bill to authorize the coinage of 50-cent pieces in connection with the California-Pacific International Exposition to be held in San Diego, Calif., in 1935 and 1936; with amendment (Rept. No. 675). Referred to the Committee of the Whole House on the state of the Union.

Mr. KOCIALKOWSKI: Committee on Insular Affairs. H. R. 7348. A bill to protect American and Philippine labor and to preserve an essential industry, and for other purposes; without amendment (Rept. No. 676). Referred to the Committee of the Whole House on the state of the Union.

Mr. KOCIALKOWSKI: Committee on Insular Affairs. House Joint Resolution 27. Joint resolution providing for the extension of cooperative work of the Geological Survey to Puerto Rico; without amendment (Rept. No. 677). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. WERNER: Committee on Indian Affairs. H. R. 6296. A bill to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of Mary Sero Johnson (nee Mary Sero); without amendment (Rept. No. 668). Referred to the Committee of the Whole House.

Mr. BEITER: Committee on War Claims. H. R. 6549. A bill for the relief of Horton & Horton; with amendment (Rept. No. 669). Referred to the Committee of the Whole House.

Mr. BEITER: Committee on War Claims. H. R. 2213. A bill for the relief of Charles P. Shipley Saddlery & Mercantile Co.; without amendment (Rept. No. 670). Referred to the Committee of the Whole House.

Mr. WOOD: Committee on War Claims. H. R. 2989. A bill for the relief of Ernst Nussbaum; without amendment (Rept. No. 671). Referred to the Committee of the Whole House.

Mr. BEITER: Committee on War Claims. S. 281. An act for the relief of the Fred G. Clark Co.; without amendment (Rept. No. 672). Referred to the Committee of the Whole House.

Mr. WOOD: Committee on War Claims. S. 929. An act for the relief of the Southern Products Co.; without amendment (Rept. No. 673). Referred to the Committee of the Whole House.

Mr. WOOD: Committee on War Claims. S. 1363. An act for the relief of John A. Jumer; without amendment (Rept. No. 674). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BACHARACH: A bill (H. R. 7478) to impose an excise tax on imported manufactures of cotton; to the Committee on Ways and Means.

By Mr. CELLER: A bill (H. R. 7479) to amend an act entitled "An act to provide for the fifteenth and subsequent decennial censuses, and to provide for apportionment of Representatives in Congress", approved June 18, 1929; to the Committee on the Census.

By Mr. MURDOCK: A bill (H. R. 7480) to define and fix the standard of value and to regulate the coinage; to the Committee on Coinage, Weights, and Measures.

By Mr. SCHNEIDER: A bill (H. R. 7481) to amend the laws relating to postal-savings depositories, increasing the limitation on the amounts which may be deposited; to the Committee on the Post Office and Post Roads.

By Mr. SWEENEY: A bill (H. R. 7482) to restore salaries of certain post-office employees; to the Committee on the Post Office and Post Roads.

By Mr. PETERSON of Georgia: A bill (H. R. 7483) to amend the act entitled "An act to provide more effectively for the national defense by increasing the efficiency of the Air Corps of the Army of the United States, and for other purposes", approved July 2, 1926, as amended, to provide additional airplanes for the use of the National Guard; to the Committee on Military Affairs.

Also, a bill (H. R. 7484) to establish a fish-cultural station at McIntosh County, Ga.; to the Committee on Merchant Marine and Fisheries.

By Mr. JOHNSON of Oklahoma: A bill (H. R. 7485) to increase the efficiency of the Medical Department of the Regular Army; to the Committee on Military Affairs.

By Mr. VINSON of Georgia: A bill (H. R. 7486) to authorize the appointment of midshipmen from among honor graduates of "honor schools" and from among members of the Naval Reserve Officers' Training Corps; to the Committee on Naval Affairs.

By Mr. WEARIN: Joint resolution (H. J. Res. 242) authorizing the Secretary of the Treasury to adequately compensate property owners of the District of Columbia as a result of residence therein until such time as the National Capitol can be moved to the Middle West; to the Committee on the District of Columbia.

By Mr. CANNON of Missouri: Joint resolution (H. J. Res. 243) giving certain authority to the Civil Service Commission; to the Committee on the Civil Service.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of New York, regarding the buying of farm land for reforestation, watershed protection, etc., in the State of New York; to the Committee on Appropriations.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. COLLINS: A bill (H. R. 7487) for the relief of Mrs. Louis J. Landry; to the Committee on Claims.

By Mr. FLETCHER: A bill (H. R. 7488) for the relief of Harry A. Shanley; to the Committee on Naval Affairs.

By Mr. GRISWOLD: A bill (H. R. 7489) granting a pension to Anna Saunders; to the Committee on Invalid Pensions.

By Mr. HALLECK: A bill (H. R. 7490) granting an increase of pension to Emma Chapman; to the Committee on Invalid Pensions.

By Mr. NICHOLS: A bill (H. R. 7491) for the relief of Ralston Purina Co. of St. Louis, Mo.; to the Committee on Claims.

By Mr. PEYSER: A bill (H. R. 7492) for the relief of Raymond Nelson Hickman; to the Committee on Naval Affairs.

By Mr. ROBSION of Kentucky: A bill (H. R. 7493) granting a pension to Cora Arlena Ballard; to the Committee on Pensions.

Also, a bill (H. R. 7494) granting a pension to James A. Hoskins; to the Committee on Pensions.

By Mr. ROMJUE: A bill (H. R. 7495) granting an increase of pension to Mary L. Doze; to the Committee on Invalid Pensions.

By Mr. RUSSELL: A bill (H. R. 7496) for the relief of William E. Jones, Walter M. Marston, William Ellery, Richard P. Hallowell 2d, and Malcolm Donald as executors under the will of Frank W. Hallowell; and Malcolm Donald as executor under the will of Gordon Donald; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

6969. By Mr. AMLIE: Petition of the Common Council of the City of Racine, Wis., urging the passage and approval of the resolution to proclaim October 11 of each year as General Pulaski's Memorial Day; to the Committee on the Judiciary.

6970. By Mr. BUCKLER of Minnesota: Petition of Earl Geil, secretary-treasurer of the Beltrami County executive committee of the Farmer-Labor Association of Bemidji, Minn., praying for the passage of legislation which would provide that any war-time disabled man who is declared by the Federal Emergency Relief Administration to be unemployable shall be held by the Veterans' Administration as totally disabled, and his compensation revised to continue as long as he is unable to work; to the Committee on Ways and Means.

6971. Also, petition of Earl Geil, secretary-treasurer of the county executive committee of the Farmer-Labor Association of Beltrami County, Bemidji, Minn., praying for opposition and negative action of Congress to the proposed setting off of the private lands along the lake shore within the townships of Shotley, Waskish, Red Lake, Konig, and Birch Island, and adding them to the Red Lake Indian Reservation; to the Committee on the Public Lands.

6972. By Mr. GOLDSBOROUGH: Resolution of the Queen Anne's County Poultry Association, Centreville, Md., favoring House bill 5902, providing for an increased tariff on imported egg products; to the Committee on Ways and Means.

6973. By Mr. KENNEY: Petition of the Bergenfield Taxpayers and Civic Association, of Bergenfield, N. J., heartily endorsing the plans presented by Maj. L. A. Jenny, of Dumont, in cooperation with the Port of Authority for connecting northern New Jersey with the metropolitan district of New York by means of the proposed rapid-transit system; to the Committee on Interstate and Foreign Commerce.

6974. Also, resolution of the One hundred and Fifty-ninth Legislature of the State of New Jersey, requesting United States Senators and Congressmen to support the request of Governor Hoffman, and that they do present the above facts to the Federal director of emergency relief and ask for a more equitable distribution of Federal taxes paid by the people of New Jersey; to the Committee on Appropriations.

6975. Also, petition of the code authority, infants and children's wear industry, approving the recommendation of the President of the United States that the National Industrial Recovery Act be extended for an additional period of 2 years; to the Committee on Appropriations.

6982. By Mr. MITCHELL of Tennessee: Petition of the Tennessee Legislature, favoring the payment of the adjusted-service certificates; to the Committee on Ways and Means.

6983. Also, petition of the Tennessee Legislature, restricting the sale of distilled spirits in glass bottles, etc.; to the Committee on Ways and Means.

6984. By Mr. PETERSON of Georgia: Petition of the House of Representatives of the State of Georgia, urging

use of stone in construction of buildings by the Public Works Administration; to the Committee on Appropriations.

6985. By Mr. PLUMLEY: Resolutions adopted at a conference of Vermont Women's Patriotic Organizations held at Montpelier, Vt., March 21, in the interests of national defense; to the Committee on Military Affairs.

6986. Also, resolution of the Senate and House of Representatives of Vermont, respectfully memorializing the Congress to give favorable consideration to House bill 7174; to the Committee on World War Veterans' Legislation.

6987. Also, joint resolution of the Vermont Senate and House, relating to extension of the Civil Service Act to include postmasters of all classes and favoring such extension; to the Committee on the Post Office and Post Roads.

6988. By Mr. ROGERS of New Hampshire: Petition of the Senate and House of the State of New Hampshire in general court convened, relative to the effect of the National Recovery Act upon the cotton-textile industry of New Hampshire; to the Committee on Ways and Means.

6989. By Mr. ROGERS of Oklahoma: Petition headed by Stephen Reeves, of Milford, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

6990. Also, petition headed by Lincoln Peterson, of Danville, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

6991. Also, petition headed by A. E. Bohn, of Rossville, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

6992. Also, petition headed by Tom J. Perkins, of Kankakee, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

6993. Also, petition headed by N. Jacobs, of Paris, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

6994. Also, petition headed by M. Grimes, of Potomac, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

6995. Also, petition headed by E. Wilson, of Watseka, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

6996. Also, petition headed by John McCloskey, of Watseka, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

6997. Also, petition headed by E. A. Hughes, of Hoopeston, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

6998. Also, petition headed by Peter Bruck, of Momence, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

6999. Also, petition headed by Harrison Jones, of Paris, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

7000. Also, petition headed by F. L. Mann, of Danville, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

7001. Also, petition headed by Clarence Franklin, of Alvin, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

7002. Also, petition headed by A. Ross, of Ridgely, Ill., favoring House bill 2856, by Congressman WILL ROGERS,

the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

7003. Also, petition headed by Robert White, of Paris, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

7004. Also, petition headed by M. Whitaker, of Marvell, Ark., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

7005. Also, petition headed by Harry Sizemore, of Steubenville, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

7006. Also, petition headed by M. C. Savage, of Barton, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

7007. Also, petition headed by J. Stark, of Westville, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

7008. By Mr. RUDD: Petition of the Iron Moulders' Union, No. 96, of I. M. U. of N. A., Brooklyn, N. Y., concerning the Wagner bill, 30-hour-week bill, and old-age-pension bill; to the Committee on Labor.

7009. Also, petition of the International Molders' Union of North America, No. 22, Brooklyn, N. Y., concerning the Wagner bill, also the 30-hour-week bill, and old-age-pension bill; to the Committee on Labor.

7010. By Mr. SADOWSKI: Petition of Group 1547, Polish National Alliance, endorsing House bill 2827; to the Committee on Labor.

7011. Also, petition of Lodge No. 220 of the Slovene Progressive Benefit Society of Detroit, Mich., endorsing House bill 2827; to the Committee on Labor.

7012. Also, petition of 10 citizens of Detroit, Mich., endorsing the Townsend plan of old-age revolving pensions; to the Committee on Labor.

7013. Also, petition of Lodge No. 144 of the South Slavonic Catholic Union, Detroit, Mich., endorsing House bill 2827; to the Committee on Labor.

7014. By Mr. TONRY: Petition of employees of the Pilgrim Laundry, Inc., Brooklyn, N. Y., who reside in the Eighth Congressional District, protesting against the enactment of the Wagner labor-disputes bill or any other similar measure; to the Committee on Labor.

HOUSE OF REPRESENTATIVES

SATURDAY, APRIL 13, 1935

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Merciful God, our Father, we thank Thee for the disclosure of divine love, which is the most transcendent power in the world. We pray that pride, vanity, and selfishness may be subservient to it, and may it inspire in us the true life and the best self. We would be men who search for hidden treasure and for spiritual knowledge, which are more to be desired than much fine gold. The revelation of our divine Teacher has taught us that because God lives, man shall live also; oh, wondrous words telling us that God is eternal and man is immortal; we praise Thee, most gracious Lord! As we pass this way, enable us to render sweetness for prejudice, prayers for hatred, gentleness and helpfulness to all. May we heed the great command, with which the whole creation is vocal, yet speechless and silent, "Whatever thy hand findeth to do, do it with thy might." Hold us to the good work of life until we can toil no more—then let us appear in Zion, before God. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed, with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 6021. An act to provide additional home-mortgage relief, to amend the Federal Home Loan Bank Act, the Home Owners' Loan Act of 1933, and the National Housing Act, and for other purposes.

The message also announced that the Senate insists upon its amendment to the foregoing bill, requests a conference with the House thereon, and appoints Mr. BULKLEY, Mr. WAGNER, Mr. BARKLEY, Mr. McADOO, Mr. TOWNSEND, and Mr. STEIWER to be the conferees on the part of the Senate.

DISCRIMINATION AGAINST THE USE OF BARRELS AND KEGS IN THE DISTRIBUTION OF DISTILLED SPIRITS

Mr. TURNER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a house joint resolution passed by the General Assembly of the State of Tennessee.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. TURNER. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following joint resolution passed by the General Assembly of the State of Tennessee:

House Joint Resolution 26

Whereas the codes for the alcoholic beverage industries as well as Treasury Department regulations restrict the distribution and sale of distilled spirits to glass bottles; and

Whereas the wooden barrel and keg were the standard containers for distilled spirits for more than a hundred years before prohibition; and

Whereas the manufacture of staves, heading, barrels, and kegs is one of Tennessee's most important industries; and

Whereas the demand for wooden barrels and kegs has been drastically curtailed by restrictions which prevent their use as containers for the distribution and sale of distilled spirits; and

Whereas thousands of men in this State who would be employed in the woods, in hauling timber, in stave and heading mills, and in barrel plants have been thrown out of employment because of the lack of demand for barrels caused by these regulations; and

Whereas the farmers of our State who had planned to sell their oak timber to stave and heading mills to obtain funds to tide them over the drought and the depression have been unable to do so because of the lack of demand for barrels caused by these regulations; and

Whereas these regulations which restrict the distribution and sale of distilled spirits to glass bottles have unfairly discriminated against a prominent industry of Tennessee, with severe injury to the industry, to its employees, to farmers interested in the sale of their timber, and to the State as a whole: Therefore be it

Resolved by the General Assembly of the State of Tennessee, That we hereby go on record as positively opposed to any regulations or laws which discriminate against the use of barrels and kegs in the distribution of distilled spirits; and be it further

Resolved, That the General Assembly of the State of Tennessee hereby go on record as favoring the immediate amendment of such codes and regulations as discriminate against the use of barrels and kegs in the distribution and sale of distilled spirits; and be it further

Resolved, That copies of this resolution be sent to the President of the United States, to the Tennessee delegation in Congress, to the Secretary of the Treasury, and to the Director of the Federal Alcohol Control Administration.

I, Bert C. Dedman, chief clerk of the House of Representatives of the Sixty-ninth General Assembly of the State of Tennessee, do hereby certify that the foregoing is a true and exact copy of House Joint Resolution 26 adopted by said general assembly.

BERT C. DEDMAN,

Chief Clerk House of Representatives.

THE NYE-SWEENEY BILL

Mr. SWEENEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a speech I made in New York City on April 11 on the monetary question.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. SWEENEY. Mr. Speaker, under the leave to extend my remarks in the RECORD I include a speech delivered by me at the Third Monetary Conference, under the auspices of the